APPENDIX 4D

Interim Report

For the half year ended 31 December 2015

Name of entity	Aventus Retail Property Fund ARSN 608 000 764

Explanation of reporting periods

The Aventus Retail Property Fund (“the Fund”) was established on 28 July 2015.

On 29 July 2015 the Fund acquired 100% of the units in Aventus Kotara South Unit Trust (formerly BB Retail Property Unit Trust No.2). The transaction has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 “Business Combinations”. A reverse acquisition occurs when the entity that issues securities in an acquisition (the legal acquirer) is identified as the acquiree for accounting purposes.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (the Fund) but described in the notes as a continuation of the financial statements of the legal subsidiary (Aventus Kotara South Unit Trust), with one exception, which is to adjust retroactively the legal capital of the accounting acquirer (Aventus Kotara South Unit Trust) to reflect the legal capital of the accounting acquire (the Fund).

As a result of the reverse acquisition the interim report of the Fund is for the period 1 July 2015 to 31 December 2015. The previous corresponding interim period is for the period 1 July 2014 to 31 December 2014

Refer to note 1(b) “Impact of reverse acquisition on the presentation of the financial statements” and note 1(c) “Comparative information” in the attached interim consolidated financial report for further information.

Results for announcement to the market

		Change %		31 Dec 2015 $'000
Revenue from ordinary activities	Up	417%	to	22,224
Profit/(loss) from ordinary activities attributable to unitholders	Down	1,145%	to	(22,110)
Net profit/(loss) for the period attributable to unitholders	Down	1,145%	to	(22,110)

The $17,923,000 increase in revenue from ordinary activities was mainly attributable to the acquisition of 15 investment properties during the period.

The $24,225,000 decrease in net profit compared to the prior period is mainly attributable attributable to $56,895,000 in transaction costs relating to property acquisitions and the Fund's initial public offering.

A summary of the consolidated results of the Fund for the period 20 October 2015 (date of the Fund's initial public offering) to 31 December 2015 has been included in the investor presentation.

Distributions

	Distribution per unit (cents)	Total Distribution $'000	Ex-distribution Date	Record Date	Payment Date
December 2015	2.89	9,919	29/12/2015	31/12/2015	05/02/2016

The Fund did not have a distribution reinvestment plan during the period.

Net tangible assets

	31 Dec 2015 $'000	30 June 2015 $'000
Net tangible assets	647,977	39,135
Net tangible assets per unit	$1.89	$2.00

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

Refer to note 12 "Business Combinations" in the attached interim consolidated financial report.

Details of associates and joint venture entities

Not applicable.

Accounting standards used by foreign entities

Not applicable.

Audit

This report is based on accounts to which one of the following applies:

☐	The accounts have been audited (refer attached financial statements)	☒	The accounts have been subject to review (refer attached financial statements)
☐	The accounts are in the process of being audited or subject to review	☐	The accounts have not yet been audited or reviewed

Aventus Retail Property Fund

ARSN 608 000 764

Interim consolidated financial report
for the half-year ended 31 December 2015

Contents

Directors' report

The directors of One Managed Investment Funds Limited ("the Responsible Entity"), the responsible entity of Aventus Retail Property Fund ("the Fund"), present their report together with the consolidated interim financial statements of the Fund and its consolidated entities ("the Group") for the half-year ended 31 December 2015.

Directors

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

- Frank Tearle Executive director
- Elizabeth Reddy Non-executive director
- Justin Epstein Executive director

Review of operations

The principal activity of the Group during the period was investment and management of large format retail property assets. Operational highlights during the period are outlined as follows:

- The Fund was established on 28 July 2015 and was registered as a managed investment scheme on 14 September 2015.

- On 29 July 2015 the Fund acquired 100% of the units in Aventus Kotara South Unit Trust (formerly BB Retail Property Unit Trust No.2). The transaction has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 "Business Combinations". The impact of the reverse acquisition on the presentation of the financial statements is outlined in note 1(b).

- The Fund was listed on the Australian Securities Exchange ("ASX") on 16 October 2015 and subsequently raised $303.34 million as a result of an initial public offering ("IPO").

- In October 2015 the Group acquired 13 large retail format properties to add to its existing Kotara Home (South) property. The fair value of the properties at acquisition, including rental guarantees, was $810.25 million.

- The Group entered into a new $400 million revolving cash advance debt facility with Commonwealth Bank of Australia, Australian and New Zealand Banking Group Limited, and National Australia Bank Limited in October 2015. The debt facilities are provided under two individual tranches of $200 million with terms of 3 and 5 years respectively. The facilities are interest only with a lump sum payment of all amounts outstanding at the end of the term.

- To manage risks associated with interest rate fluctuations, the Group entered into $160 million in interest rate swap agreements representing 50.31% of debt drawn at 31 December 2015.

- On 9 December 2015 the Group acquired the Epping Homemaker Centre for $40 million.

- On 18 December 2015 the Group acquired the Belrose Gateway Centre for $6.35 million.

- On 18 December 2015 the directors of the Responsible Entity declared an interim distribution to unitholders of 2.89 cents per unit.

- On 21 December 2015 the Group's Mile End Home, Peninsula Home and Jindalee Home properties were revalued based on independent valuations. The total increase in fair value, compared to prior valuations, amounted to $21.3 million.

Directors' report (continued)

Financial result

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

	31 Dec 2015 $'000
Net loss for the period	(22,110)
Basic and diluted earnings per unit for the period (cents per unit)	(12.73)
Distributions payable to unitholders	9,919
Distributions (cents per unit)	2.89
Net tangible assets ($ per unit)	1.89

The loss for the period is mainly attributable attributable to $56,895,000 in transaction costs relating to acquisitions and the Fund's IPO.

The table below provides a reconciliation between the statutory net loss for the period and Funds from Operations ("FFO").

FFO represents the net loss for the period adjusted for:

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

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

	31 Dec 2015 $'000
Statutory net loss for the period 1 July 2015 to 31 December 2015	(22,110)
Less profit for the period 1 July 2015 to 19 October 2015	(1,010)
Adjustments for the period 20 October 2015 to 31 December 2015	
Straight-lining of rental income	(253)
Amortisation of rental guarantees	163
Amortisation of debt establishment costs	123
Net gain on movement in fair value of investment properties	(23,359)
Net loss on movement in fair value of derivative financial instruments	537
Portfolio acquisition and transaction costs	56,895
FFO	10,986
FFO (cents per unit)	3.20

Directors' report (continued)

Financial result (continued)

FFO has been determined in accordance with best practice guidelines published by the Property Council of Australia.

FFO is the basis upon which distributions are determined by the directors. The Fund's distribution policy is to distribute between 90 and 100% of FFO to unitholders.

Events occurring after the reporting period

A unitholder meeting has been called for 11 March 2016 to vote on a proposed change of responsible entity from One Managed Investment Funds Limited to Aventus Capital Limited.

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

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 6.

Rounding of amounts

The Fund is a registered scheme of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and the consolidated interim financial report.

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

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

Justin Epstein
Executive Director

Sydney
25 February 2016

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Auditor's Independence Declaration to the Directors of One Managed Investment Funds Limited as the Responsible Entity of Aventus Retail Property Fund

As lead auditor for the review of Aventus Retail Property Fund for the interim period ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
25 February 2016

Consolidated statement of comprehensive income
for the half-year ended 31 December 2015

	Notes	6 months to 31 Dec 2015 $'000	6 months to 31 Dec 2014 $'000
Revenue			
Rental and other property income		22,100	4,247
Other revenue		124	54
		22,224	4,301
Other income			
Net gain on movement in fair value of investment properties		23,214	60
Total revenue and other income		45,438	4,361
Expenses			
Property expenses		(5,613)	(899)
Finance costs		(3,370)	(1,221)
Management fees	13(h)	(1,122)	-
Portfolio acquisition and transaction costs	5	(56,895)	-
Other expenses		(548)	(126)
Total expenses		(67,548)	(2,246)
Profit/(loss) for the period		(22,110)	2,115
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(22,110)	2,115
Earnings per unit			
Basic (cents per unit)	11	(12.73)	11.89
Diluted (cents per unit)	11	(12.73)	11.89

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

Consolidated balance sheet
as at 31 December 2015

	Notes	31 Dec 2015 $'000	30 June 2015 $'000
Assets			
Current assets			
Cash and cash equivalents		5,750	252
Receivables		2,461	495
Rental guarantees		1,008	-
Other assets		739	166
Total current assets		9,958	913
Non-current assets			
Receivables		347	-
Rental guarantees		135	-
Investment properties	7	974,452	95,500
Total non-current assets		974,934	95,500
Total assets		984,892	96,413
Liabilities			
Current liabilities			
Payables		(8,172)	(1,148)
Distribution payable	6	(9,919)	-
Deferred revenue		(2,561)	(196)
Total current liabilities		(20,652)	(1,344)
Non-current liabilities			
Borrowings	8	(315,726)	(55,934)
Derivative financial instruments	9	(537)	-
Total non-current liabilities		(316,263)	(55,934)
Total liabilities		(336,915)	(57,278)
Net assets		647,977	39,135
Equity			
Issued units	10	645,158	4,287
Retained earnings		2,819	34,848
Total equity		647,977	39,135

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

Consolidated statement of changes in equity
for the half-year ended 31 December 2015

	Notes	Issued units $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014		-	27,279	27,279
Profit/(loss) for the period		-	2,115	2,115
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		-	2,115	2,115
Distributions paid or provided for	6	-	-	-
Balance at 31 December 2014		-	29,394	29,394
Balance at 1 July 2015		4,287	34,848	39,135
Profit/(loss) for the period		-	(22,110)	(22,110)
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		-	(22,110)	(22,110)
Redemption of units	10	(454)	-	(454)
Return of capital	10	(203)	-	(203)
Issue of units net of transaction costs	10	641,528	-	641,528
Distributions paid or provided for	6	-	(9,919)	(9,919)
Balance at 31 December 2015		645,158	2,819	647,977

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

Consolidated statement of cash flows
for the half-year ended 31 December 2015

	Notes	6 months to 31 Dec 2015 $'000	6 months to 31 Dec 2014 $'000
Cash flows from operating activities			
Rental and other property income received		25,045	4,625
Other income received		287	54
Payments to suppliers		(13,916)	(1,340)
Portfolio acquisition and transaction costs paid		(57,880)	-
Finance costs paid		(4,743)	(1,194)
Net cash inflows/(outflows) from operating activities		(51,207)	2,145
Cash flows from investing activities			
Payments for capital expenditure		(3,440)	(312)
Payments for businesses net of cash acquired		(160,830)	-
Net cash inflows/(outflows) from investing activities		(164,270)	(312)
Cash flows from financing activities			
Proceeds from issue of units		303,335	-
Unit issue transaction costs		(5,383)	-
Proceeds from borrowings		324,000	-
Repayment of borrowings		(400,320)	-
Redemption of units		(454)	-
Return of capital		(203)	-
Distributions paid		-	(2,115)
Net cash inflows/(outflows) from financing activities		220,975	(2,115)
Net increase/(decrease) in cash and cash equivalents		5,498	(282)
Cash at the beginning of the financial period		252	493
Cash at the end of the financial period		5,750	211

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

1. Basis of preparation

a) Statement of compliance

This condensed consolidated interim financial report for the half-year ended 31 December 2015 has been prepared in accordance with the Fund's Constitution, Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The condensed consolidated interim financial report represents the first financial report issued by the Fund since its establishment in July 2015. While additional disclosures have been included in the financial report, compared to those disclosed for a recurring interim reporting period, this condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Fund's product disclosure statement and public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

On 29 July 2015 the Fund acquired 100% of the units in Aventus Kotara (South) Unit Trust ("Kotara") (formerly BB Retail Property Unit Trust No.2). The Fund subsequently acquired 100% interests in the "IPO acquisition assets" disclosed in note 12(a), which were funded partially by the issue of units in the Fund, and partially by cash raised during the Fund's IPO.

The acquisition of Kotara by the Fund resulted in the unitholder of Kotara obtaining control of the merged entities. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 "Business Combinations" ("AASB 3").

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Fund (the legal parent) being accounted for as a subsidiary and Kotara (the legal subsidiary) being accounted for as the parent entity of the Group.

At the date of acquisition the Fund was non-trading and its operations did not fall within the definition of a business under AASB 3. Consequently, the acquisition did not meet the definition of a business combination under AASB 3, and the principles of AASB 3 could not be applied in their entirety.

Instead, the acquisition has been accounted for as a share-based payment transaction using the principles set out in AASB 2 "Share-based Payment" whereby Kotara is deemed to have issued shares in exchange for the net assets of the Fund. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by Kotara and the fair value of the identifiable net assets of the Fund is required to be recognised as an expense. At the date of acquisition the fair value of the net assets of the Fund was $2 and the deemed consideration paid by Kotara amounted to $2. As a result, no expense arose.

This is consistent with the accounting outcome that would have been achieved under AASB 3 had the Fund met the definition of a business at the time of the acquisition of Kotara.

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

b) Impact of reverse acquisition on the presentation of the financial statements (continued)

The results of the Group for the period ended 31 December 2015 comprise the results of Kotara for the period 1 July 2015 to 31 December 2015 and the results for the Group subsequent to the completion of the IPO. The comparative information disclosed in the financial statements relates to Kotara.

The subsequent IPO and other acquisitions during the period have been accounted for in accordance with note 2 (b).

c) Comparative information

The comparative balances disclosed in the financial statements relate to Aventus Kotara South Unit Trust. 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 liabilities (including derivative financial instruments) – measured at fair value;
- investment properties – measured at fair value.

e) Rounding of amounts

The Fund is a registered scheme of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ‘rounding off’ of amounts in the directors’ report and the consolidated interim financial report.

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

f) New and amended accounting standards and interpretations

The Group has adopted all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operation and effective for the financial reporting period beginning 1 July 2015.

2. Summary of significant accounting policies

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

The consolidated interim financial statements are for the Group consisting of the Fund and its subsidiaries.

a) Principles of consolidation

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

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

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

When the Group ceases to consolidate for an investment because of a loss of control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.
In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

b) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

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

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.

b) Business combinations (continued)

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 acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

c) Segment reporting

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

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Darren Holland, in his capacity as chief executive officer and executive director of Aventus Capital Limited.

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

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

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

e) Expenses (continued)

Finance costs
Finance costs include interest, payments in respect of derivatives 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. Refer to note 13(h) for further information on management fees.

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

f) Income tax

Under current income tax legislation, the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the unitholders) who are 'presently entitled' to the income of the Fund. There is no income of the Fund to which the unitholders 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 the Fund, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Fund 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 the Fund 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 unitholders in that period and is distributed to unitholders in accordance with the requirements of the Fund Constitution.

g) Goods and service tax ("GST")

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

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

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

h) Cash and cash equivalents

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

i) Receivables

Receivables are initially recognised at the amounts due to the Group less any provision for doubtful debts. Rent and outgoings receivable 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. Debts which are known to be uncollectible are written off in the year in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Group will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

j) Rental guarantees

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

k) 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 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.

k) Investment properties (continued)

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.

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.

l) 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 fitout 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.

m) Impairment of assets

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.

n) Payables

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

o) 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.

p) 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.

Derivative financial instruments are classified as financial instruments at fair value through profit or loss. Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in fair value are recognised in profit or loss.

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

Derivative financial instruments with maturity dates of greater than 12 months after reporting date are classified as non-current assets or liabilities as appropriate.

q) Distributions payable

A payable is recognised for the amount of any distribution declared and appropriately authorised on or before the end of the reporting period but not distributed at the end of the reporting period.

r) Issued units

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

s) Earnings per unit

Basic earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders by the weighted average number of ordinary units outstanding during the financial period.

Diluted earnings per unit

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

t) Excess of current liabilities over current assets

The Consolidated Entity's current liabilities exceeded its current assets by $10,694,000 at 31 December 2015. The deficiency is mainly attributable to distributions payable of $9,919,000 and deferred revenue of $2,561,000 which are recorded as current liabilities at balance date.

The distribution was paid on 5 February 2016 and was funded from available cash reserves.

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

3. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the group's accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

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

a) Critical accounting estimates and assumptions

The Group is required in certain circumstances to make estimates and assumptions concerning the future. The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated fair value of investment properties
Critical assumptions underlying the estimated fair value of investment properties are those relating to passing and market rents, capitalisation rates, terminal yields and discount rates.

If there is any change in these assumptions or economic conditions the fair value of the investment properties may differ. Refer to note 14 for further information on the assumptions used in assessing the fair value of investment properties.

Estimated fair value of derivative financial instruments
The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The fair value of the of derivatives reported at the reporting date may differ if there is volatility in market rates. Refer to note 14 for further information on the assumptions used in assessing the fair value of derivative financial instruments.

b) Critical judgements in applying the group's accounting policies

There were no significant judgements, apart from those involving estimations, in the process of applying the group's accounting policies that had a significant effect on the amounts recognised in the consolidated financial statements.

4. Segment information

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

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

5. Profit or loss information

	6 months to 31 Dec 2015 $'000	6 months to 31 Dec 2014 $'000
The profit/(loss) for the period includes the following items of revenue and expenses which are significant due to their nature, size or incidence:		
Portfolio acquisition and transaction costs:		
IPO acquisition and transaction costs		
Stamp duty costs	43,440	-
IPO offer management and advisory fees	5,247	-
Interest rate swap break costs	4,109	-
Other	1,154	-
	53,950	-
Post IPO acquisition and transaction costs		
Stamp duty costs	2,535	-
Advisory fees	358	-
Other	52	-
	2,945	-
Total	56,895	-

6. Distributions

	Distribution Cents per unit	Distribution $'000
Fully paid ordinary units		
Distributions for the period ended:		
31 December 2015	2.89	9,919
31 December 2014	-	-

7. Investment properties – non current

Property	Acquisition Date	Independent Valuation Date	Independent Valuer	Independent Cap Rate %	Independent Valuation $'000	Carrying Value 31 Dec 2015 $'000	Carrying Value 30 June 2015 $'000
Ballarat Home	Oct 2015	June 2015	CBRE	8.75	30,550	30,550	-
Belrose Super Centre	Oct 2015	June 2015	Knight Frank	7.50	105,000	105,000	-
Belrose Gateway Centre	Dec 2015	Oct 2015	Knight Frank	8.00	6,350	6,350	
Caringbah Home	Oct 2015	June 2015	Knight Frank	8.00	82,450	82,450	-
Cranbourne Home	Oct 2015	June 2015	CBRE	7.83	114,100	114,100	-
Epping Homemaker Centre	Dec 2015	Oct 2015	Savills	8.00	40,000	40,000	-
Highlands Hub	Oct 2015	June 2015	JLL	8.25	28,500	28,500	-
Jindalee Home	Oct 2015	Dec 2015	CBRE	7.56	103,900	103,900	-
Kotara Home (South)	Aug 2008	June 2015	Knight Frank	7.50	95,500	95,500	95,500
Midland Home	Oct 2015	June 2015	Colliers	8.75	48,500	48,500	-
Mile End Home	Oct 2015	Dec 2015	Savills	8.00	83,200	83,200	-
Peninsula Home	Oct 2015	Dec 2015	CBRE	8.00	67,600	67,600	-
Sunshine Coast Home	Oct 2015	June 2015	Knight Frank	8.00	64,500	64,500	-
Tuggerah Super Centre	Oct 2015	June 2015	Knight Frank	7.25	41,250	43,445	-
Tweed Hub	Oct 2015	June 2015	JLL	8.25	29,500	29,500	-
Warners Bay Home	Oct 2015	June 2015	JLL	8.25	32,500	32,500	-
					973,400	975,595	95,500
Less amounts classified as rental guarantees						(1,143)	-
Total						974,452	95,500

7. Investment properties (continued)

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

	$'000
Balance at the beginning of the period	95,500
Additions	853,304
Capital expenditure	2,807
Lease fees and incentives	633
Straight-lining of rental income	300
Amortisation of rental guarantees	(163)
Net gain on movement in fair value of investment properties	23,214
Less amounts reclassified as rental guarantees	(1,143)
Balance at the end of the period	974,452

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.

Refer to note 14 for information on how the Group determines fair value of investment properties.

8. Borrowings

	31 Dec 2015 $'000	30 June 2015 $'000
Non-current		
Secured		
Bank debt	318,000	56,000
Less: unamortised transaction costs	(2,274)	(66)
	315,726	55,934

In October 2015 the Group entered into a debt facility with Commonwealth Bank of Australia, Australian and New Zealand Banking Group Limited, and National Australia Bank Limited. The debt facilities are provided under two tranches, facility A and facility B, the key features of which are as follows:

8. Borrowings (continued)

	Facility A	Facility B
Type of facility	Revolving cash advance facility	Revolving cash advance facility
Amount	$200 million	$200 million
Term	5 years	3 years
Maturity	October 2020	October 2018
Interest	BBSY + margin	BBSY + margin
Repayment	Interest only with a lump sum payment of all amounts outstanding at the end of the term	Interest only with a lump sum payment of all amounts outstanding at the end of the term

$82 million of tranche A debt remains undrawn at 31 December 2015. Tranche B debt was fully drawn at 31 December 2015. Undrawn tranche A debt may be drawn at any time.

All borrowings are denominated in Australian dollars.

Security

The 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 Aventus Capital Limited.

Compliance with debt covenants

The Fund has complied with the financial covenants of its borrowing facilities during the period.

Key financial covenants are summarised as follows which are assessed semi-annually:

- 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%.

9. Derivative financial instruments

	31 Dec 2015 $'000	30 June 2015 $'000
Non-current		
Interest rate swaps - at fair value	537	-

The 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 31 December 2015 the Group had entered into interest rate swap agreements totalling $160 million (30 June 2015: $Nil) representing 50.31% of total borrowings. Key features of the interest rate swaps are summarised as follows:

Maturity Date	Notional Amount $'000
October 2018	80,000
October 2019	40,000
October 2020	40,000

As at 31 December 2015 the fixed rate on the interest rate swap varies from 2.20% to 2.36% per annum. Interest rate swap contracts require settlement of net interest receivable or payable on a monthly basis. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

10. Issued units

	Units	$'000
Balance at the beginning of the period	-	4,287
Redemption of units	-	(454)
Return of capital	-	(203)
Establishment of the Fund	1	-
Units issued under reverse acquisition	19,744,091	-
Units issued as consideration for business combinations	171,821,115	343,642
Units issued at IPO	151,667,500	303,335
Unit issue costs	-	(5,449)
Balance at the end the end of the period	343,232,707	645,158

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

Each units 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.

Notes to the consolidated financial statements (continued)

11. Earnings per units

	31 Dec 2015	31 Dec 2014
Net profit/(loss) for the period ($'000)	(22,110)	2,115
Weighted average number of units used in the basic and diluted earnings per unit	173,742,411	17,787,470
Basic and diluted earnings/(loss) per unit (cents)	(12.73)	11.89

12. Business combinations

a) IPO acquisitions

The Fund was established on 28 July 2015 and was registered with ASIC as a managed investment scheme on 14 September 2015. The Fund subsequently listed on the on the Australian Securities Exchange ("ASX") on 16 October 2015.

On 29 July 2015, the Fund acquired 100% of the units in Aventus Kotara (South) Unit Trust ("Kotara") (formerly BB Retail Property Unit Trust No.2). The Fund subsequently acquired 100% interests in the assets outlined below ("IPO acquisition assets"), which were funded partially by the issue of units in the Fund, and partially by cash raised during the Fund's IPO.

- BBRC Belrose Fund
- Caringbah Unit Trust
- BBRC Diversified Retail Fund
- BBRC Jindalee Fund
- Peninsula Unit Trust
- BBJ Thompsons Road Unit Trust
- BBRC Mile End Fund
- BBRC Midland Fund
- Cranbourne Home
- Sunshine Coast Home
- Tuggerah Super Centre

Reverse acquisition

The acquisition of Kotara by the Fund resulted in the unitholder of Kotara obtaining control of the merged entities. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3.

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Fund (the legal parent) being accounted for as a subsidiary and Kotara (the legal subsidiary) being accounted for as the parent entity of the Group.

At the date of acquisition the Fund was non-trading and its operations did not fall within the definition of a business under AASB 3. Consequently, the acquisition did not meet the definition of a business combination under AASB 3, and the principles of AASB 3 could not be applied in their entirety.

12. Business combinations (continued)

Instead, the acquisition has been accounted for as a share-based payment transaction using the principles set out in AASB 2 "Share-based Payment" whereby Kotara is deemed to have issued shares in exchange for the net assets of the Fund. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by Kotara and the fair value of the identifiable net assets of the Fund is required to be recognised as an expense. At the date of acquisition the fair value of the net assets of the Fund was $2 and the deemed consideration paid by Kotara amounted to $2. As a result, no expense arose. This is consistent with the accounting outcome that would have been achieved under AASB 3 had the Fund met the definition of a business at the time of the acquisition of Kotara.

IPO acquisitions

The Group's acquisition of the IPO acquisition assets on 20 October 2015 met the definition of a business and therefore the principles of a business combination under AASB 3 were applied in their entirety to the Group's acquisition.

The purchase consideration did not exceed the fair value of the identifiable assets and liabilities of the IPO acquisition assets and accordingly, no goodwill arose as a result of the transaction.

The above transactions have been disclosed as one single transaction for the purposes of the disclosure adopted in the financial statements. Details of the purchase consideration and the net assets and liabilities acquired related to the IPO acquisition assets are as follows:

	$'000
Purchase consideration	
Cash paid	124,007
Units issued	343,642
	467,649

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

	Fair Value $'000
Cash and cash equivalents	6,230
Trade & other receivables	1,013
Other assets	696
Investment properties	808,944
Rental guarantee	1,306
Trade and other payables	(12,220)
Borrowings	(338,320)
Net identifiable assets acquired	467,649

Transaction costs of $53,950,000, not directly attributable to the issue of units, were expensed during the period and are included as part of portfolio acquisition and transactions costs in the statement of comprehensive income. Transaction costs of $5,449,000, directly attributable to the issue of units, were recognised directly in equity as a reduction of issued units.

From the date of acquisition, the IPO acquisition assets contributed revenues of $17,910,000 and a net loss of $21,868,000 to the Group.

12. Business combinations (continued)

The Group acquired two additional properties during the period after the successful completion of the IPO. The post IPO acquisitions met the definition of a business and the principles of a business combination under AASB 3 were applied.

b) Epping Homemaker Centre acquisition

On 9 December 2015 the Group acquired the Epping Homemaker Centre.

Net assets were acquired at fair value. Accordingly, no goodwill arose as a result of the transaction. Details of the purchase consideration and the net assets acquired are as follows:

	$'000
Purchase consideration	
Cash paid	40,000
Units issued	-
	40,000

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

	Fair Value $'000
Investment properties	40,000
Net identifiable assets acquired	40,000

Total transaction costs of $2,535,000 were expensed during the period and are included as part of portfolio acquisition and transactions costs in the statement of comprehensive income.

From the date of acquisition, the Epping Homemaker Centre contributed revenues of $209,000 and a net loss of $2,350,000 to the Group.

12. Business combinations (continued)

c) Belrose Gateway Centre acquisition

On 18 December 2015 the Group acquired the Belrose Gateway Centre.

Net assets were acquired at fair value. Accordingly, no goodwill arose as a result of the transaction. Details of the purchase consideration and the net assets acquired are as follows:

	$'000
Purchase consideration	
Cash paid	6,350
Units issued	-
	6,350

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

	Fair Value $'000
Investment properties	6,350
Net identifiable assets acquired	6,350

Total transaction costs of $359,000 were expensed during the period and are included as part of portfolio acquisition and transactions costs in the statement of comprehensive income.

From the date of acquisition, the Belrose Gateway Centre contributed revenues of $24,000 and a net loss of $233,000 to the Group.

13. Related party information

a) Responsible entity

The Responsible Entity of the Fund is One Managed Investment Funds Limited. The registered office of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

b) Directors of the Responsible Entity

Directors of the Responsible Entity during the year were:

- Frank Tearle Executive director
- Elizabeth Reddy Non-executive director
- Justin Epstein Executive director

Directors of the Responsible Entity are not remunerated by the Fund.

13. Related party information (continued)

c) Responsible Entity fees

The Responsible Entity derives a responsible entity fee from Aventus Capital Limited. The responsible entity fee is not recharged to the Fund.

d) Director's interest in the Fund

Directors of the Responsible Entity did not hold any units in the Fund, directly or indirectly, during the period ended 31 December 2015.

e) Key management personnel

Key management personnel ("KMP") are defined by AASB 124 "Related Party Transactions" as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity".

The Responsible Entity and its delegates are considered to be the KMP of the Fund.

f) Custody fees

In connection with the provision of custody services to the Group the Responsible Entity is entitled to a custody fee of:

- 0.02% per annum of the Group's gross asset value ("GAV") up to $250 million, and
- 0.01% per annum of the Group's GAV in excess of $250 million,

subject to a minimum monthly fee of $2,000.

Total custody fees incurred for the period ended 31 December 2015 amounted to $27,000 (2014: $Nil).

g) Manager

The Manager of the Fund is Aventus Funds Management Pty Limited. The registered office of the Manager is Level 14, 71 Macquarie Street, Sydney NSW 2000.

Directors of the Manager during the period were Darren Holland and Brett Blundy. Directors of the Manager are remunerated by Aventus Services Pty Limited.

13. Related party information (continued)

h) Management fees

In accordance with the Management Services Agreement, Aventus Funds Management Pty Limited is entitled to remuneration in the form of a base fee and a performance fee.

Base fee
The Base Fee calculated as follows:

- 0.6% per annum of the GAV of the Group, where GAV is less than or equal to $2.0 billion; and
- 0.5% of the GAV of the Group, where GAV is greater than $2.0 billion.

The Base Fee is calculated and payable on a monthly basis.

Total Base Fees incurred for the period ended 31 December 2015 amounted to $1,122,000 (2014: $Nil).

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

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

- **Outperformance %** = Total Return less Hurdle Rate

- **Total Return** = Change in the NTA per Unit over the relevant period plus the Distributions per Unit paid during the relevant period dividend by the NTA per Unit at the commencement of the relevant period (expressed as a percentage).

  Total return is measured on a three year rolling basis and annualised as a compounded annual growth rate. For the 2016 financial year, total return is measured from the commencement date of the Management Services Agreement to 30 June 2016 and the first performance fee period ends on 30 June 2018.

- **Hurdle Rate** = 12%

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

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

The total fee payable (comprising the Base Fee plus the Performance Fee) in any year is capped at 1.0% of GAV of the Fund. Any excess fee is carried over to subsequent Performance Fee periods (subject to the performance of the Fund and any application of the cap during that period). Any prior period underperformance must be recovered before the Manager becomes entitled to the payment of a Performance Fee in respect of a subsequent period.

The Performance Fee may be paid to the Manager in cash or Units (at the election of the Manager).

13. Related party information (continued)

i) Property and development management fees

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

Leasing fee for new tenants	15% of face rental (being gross rent payable by a tenant, disregarding incentives and rent abatements) for the first year of the lease term.
Existing tenant leasing fee	10% of face rental for the first year of a new lease or additional leased space (as applicable) if an existing tenant enters into a new lease for premises it currently occupies (excluding by way of exercise of an option), relocates to new premises within the relevant property or enters into a new lease for new space in a property in the portfolio.
Leasing renewal fee	7% of face rental for the first year of a new lease if an existing tenant exercises an option to continue leasing their current space in a property in the portfolio.
Leasing market rent review fee	7% of the increase between the rent payable for the year before the relevant rent review and the rent payable for the year after that rent review date as a result of the market rent review.
Leasing administration fee	$4,000 per lease documentation negotiated and prepared by the Property Manager (without double servicing where relevant lease agreements are prepared by external parties).
Asset and property management fee	4% of face rental (payable in equal monthly instalments in arrears) provided that where, immediately prior to a property becoming subject to the Property and Development Management Agreement (for example, the acquisition of a new property), the property management fee in respect of that property (which is recoverable from tenants as outgoings under the terms of the relevant lease agreements) is higher than 4% of the total face rent, the Property Manager shall be entitled to that higher fee for so long as it remains recoverable from the tenants under the relevant lease agreements. The property manager is also entitled to salary and on-cost recoveries associated with managing the property.
Development services fee	5% of total development costs (being the total cost of any development works undertaken in respect of a property), calculated and payable monthly in arrears. The property manager will only be able recover an amount equal to 2% of the total development cost from the time the development proposal is approved to the commencement of construction, with the balance to be paid in instalments from the time that construction commences to delivery of the project.

13. Related party information (continued)

i) Property and development management fees (continued)

Total fees incurred for the period are outlined below:

	6 months to 31 Dec 2015 $'000
Leasing fees	216
Asset and property management fees	1,359
Development services fees	-
	1,575

Asset and property management fees are included as part of property expenses in the statement of comprehensive income. Leasing fees and development services fees are capitalised into the carrying value of investment properties. '

j) Aventus Capital Limited

Aventus Capital Limited is a member of the Aventus Property Group.

As disclosed in the Fund's product disclosure statement, it is proposed that One Managed Investment Funds Limited will retire as responsible entity of the Fund once Aventus Capital Limited obtains an appropriate Australian financial services licence ("AFSL"). Aventus Capital Limited has received an offer from the Australian Securities and Investments Commission for an AFSL which enables it to act as responsible entity of the Fund. As disclosed in note 20, a unitholder meeting has been called for 11 March 2016 to vote on a proposed change of responsible entity from One Managed Investment Funds Limited to Aventus Capital Limited.

The directors of Aventus Capital Limited during the period were:

- Bruce Carter — Independent non-executive chairman
- Kieran Pryke — Independent non-executive director
- Robyn Stubbs — Independent non-executive director
- Tracey Blundy — Non-executive director
- Darren Holland — Chief executive officer and executive director

Executive and non-executive directors are remunerated by the Aventus Property Group. Director fees of independent non-executive directors are reimbursed by the Fund. The total amount reimbursed for the period ended 31 December 2015 amounted to $70,000 (2014: $Nil). Director fees are included as part of other expenses in the statement of comprehensive income.

13. Related party information (continued)

k) Reimbursement of costs by the Fund

The Responsible Entity and the Manager are entitled to be reimbursed for expenses relating to proper performance of its duties as Responsible Entity and Manager. This includes the cost of the Fund's external advisors, (including auditors), custodian fees, registry fees, ASX fees, and expenses, costs and disbursements incurred by Aventus Property Group personnel in connection with the due and proper management and administration of the Fund.

Total amounts reimbursed by the Fund for the above costs during the period ended 31 December 2015 amounted to $2,227,000 (2014: $Nil). $2,062,000 of these total costs relate to portfolio acquisition and transactions costs disclosed in note 5.

l) Outstanding payable balance with related parties

Total related party transactions included as part of payables at 31 December 2015 amounted to $1,837,000.

14. Fair value measurement

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

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

The Group measures investment properties and derivate financial instruments at fair value on a recurring basis.

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

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

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

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

14. Fair value measurement (continued)

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

	Note	Level 2		Level 3		Total	
		Dec 2015 $'000	June 2015 $'000	Dec 2015 $'000	June 2015 $'000	Dec 2015 $'000	June 2015 $'000
Non-financial assets							
Investment properties	7	-	-	974,452	95,500	974,452	95,500
Financial liabilities							
Derivative financial instruments	9	(537)	-	-	-	(537)	-

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

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2015.

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.

Valuation techniques used to derive level 3 fair values
The only level 3 assets or liabilities measured at fair value are investment properties.

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.

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

14. Fair value measurement (continued)

Key inputs used in determining property values as at 31 December 2015 are outlined as below:

	Range 31 Dec 2015	Weighted average 31 Dec 2015
Net passing rent ($ per square metre)	$94 to $327	$219
Net market rent ($ per square metre)	$136 to $331	$225
Adopted capitalisation rate (%)	6.50% to 8.75%	7.88%
Adopted terminal yield (%)	6.75% to 9.00%	8.19%
Adopted discount rate (%)	8.00% to 9.75%	9.15%

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

Sensitivity analysis

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

b) Assets and liabilities not measured at fair value

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

15. Contingencies

There were no significant contingent liabilities or assets at 31 December 2015 or 30 June 2015.

16. Commitments

The Group has entered into contracts for the redevelopment of a number of its investment properties. Total commitments at 31 December 2015 amounted to $18 million inclusive of GST. These commitments have not been reflected in the interim consolidated financial statements. There were no commitments at 30 June 2015.

17. Significant contract terms and conditions

a) Kotara Home call option and pre-emptive deed

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

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

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

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

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

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

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

b) Tuggerah Vacant Land Option

The Group has entered into a call option to purchase a vacant lot adjacent to the Tuggerah Super Centre. Under the terms of the agreement the call option must be exercised no later than 1 June 2016. The purchase price payable under the sale contract is $3,750,000. Settlement is 30 days from the date the call option is exercised.

c) Other contracts

BB Retail Capital Pty Limited has provided rental guarantees to the Group for 4 stores at 3 of its properties which expire in October 2016. The Group has also entered into a number of lease agreements with the Adairs Retail Group.

Both BB Retail Capital Pty Limited and the Adairs Retail Group are entities associated with Brett Blundy. Rental guarantees and lease agreements are negotiated on an arm's length basis.

18. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can continue to provide returns for unitholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure consists of cash, borrowings and equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The Group monitors capital using the following gearing ratio:

	31 Dec 2015 $'000	30 June 2015 $'000
Net debt	312,250	55,748
Total assets (less cash)	979,142	96,162
Gearing ratio	31.89%	57.97%

Net debt is calculated as gross borrowings less cash and cash equivalents.

19. Financial risk management

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

Liquidity risk

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

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

The Group's financing arrangements, debt maturity profiles and access to undrawn borrowing facilities at 31 December 2015 are disclosed in note 8.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's main interest rate risk arises from long term borrowings and cash and cash equivalent balances with variable interest rates.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps which have the effect of converting a portion of the Group's borrowings from variable to fixed interest rates. The Group's policy for maintaining minimum levels of borrowings at fixed rates using interest rate swaps varies depending upon the maturity profile of the debt. Details of interest rate swaps held at 31 December 2015 are disclosed in note 9.

19. Financial risk management (continued)

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises from cash and cash equivalents, receivables and rental guarantees. The carrying amount of these financial assets disclosed in the balance sheet represents the maximum credit exposure to the Group at 31 December 2015.

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 and rental guarantees, tenants are billed monthly in advance. Management also monitors tenancy exposure across its portfolio on an ongoing basis.

20. Events occurring after the reporting period

A unitholder meeting has been called for 11 March 2016 to vote on a proposed change of responsible entity from One Managed Investment Funds Limited to Aventus Capital Limited.

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

Directors' declaration

In the directors' opinion:

a) the financial statements and notes set out on pages 7 to 38 are in accordance with the Corporations Act 2001, including:

   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date, and

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

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

Justin Epstein
Executive Director

Sydney
25 February 2016

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working world

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To the Unitholders of Aventus Retail Property Fund

Report on the Interim Financial Report

We have reviewed the accompanying interim consolidated financial report of Aventus Retail Property Fund, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the interim period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Aventus Retail Property Fund and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the interim period ended on that date; and

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

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
25 February 2016