

# Arrow Primary Infrastructure Fund

ARSN 110813851

Interim report - for the half-year ended  
31 December 2018



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These financial statements cover Arrow Primary Infrastructure Fund (the "Fund") and are presented in Australian currency.

The Responsible Entity of the Fund is Arrow Funds Management Limited (ACN 146 671 276). Its registered office is at Level 25, 360 Collins Street, Melbourne VIC 3000.

## Responsible Entity's report

The directors of Arrow Funds Management Limited, the Responsible Entity of Arrow Primary Infrastructure Fund (the "Fund"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2018.

### Directors

The following persons held office as directors of Arrow Funds Management Limited during the period and up to the date of this report:

Andrew Ashbolt  
Murray Jones  
Matthew Reid  
Gerald O'Byrne (Alternative director for Matthew Reid)

### Principal activities

The Fund is an open ended, unlisted property trust with investments in geographically diverse property and infrastructure assets used in the primary production industry.

The Fund owns 20 properties which are leased to leading Australian primary production companies involved in the poultry, almond, dried fruit, mango, citrus and glasshouse industries. The average weighted lease expiry at 31 December 2018 was 14.7 years.

In addition to these properties the Fund also owns Boombera Park, a 1,394 hectare property at Lawrence, in the northern rivers region of New South Wales. Arrow is developing this property into a large-scale macadamia orchard.

There were no significant changes in the nature of the Fund's activities during the period.

### Review and results of operations

#### 1. Results:

The performance of the Fund for the half-year, as represented by the results of its operations, was as follows:

	<b>31 December 2018</b>	31 December 2017
	<b>\$</b>	\$
Net profit for the half-year	<b>8,682,779</b>	5,613,213
Normalised earnings <sup>(1)</sup>	<b>7,071,313</b>	6,680,941
Normalised earnings per unit (cents per unit) <sup>(1)</sup>	<b>4.29</b>	4.11
Distributions paid and payable	<b>6,588,285</b>	6,505,486
Distributions (cents per unit)	<b>4.00</b>	4.00

(1) Normalised earnings is the net profit for the year excluding statutory non-operating accounting adjustments such as accounting for fair value movements in property valuations and other financial assets, straight line lease accounting and other non-cash items such as amortisation of debt establishment fees and depreciation.

The main factors influencing the result for the half-year period are:

- Total property rental income was \$11.033 million, up by \$0.810 million compared with the previous corresponding period. This was due to rental increases following capital expenditure together with normal annual increases in rent. Rental income was comprised of base property rent (up by \$0.910 million), property expenses recoverable from tenants (up by \$0.044 million) and adjustment for recognising rents on a straight line basis (down up by \$0.144 million).
- Finance costs were \$0.370 million higher than the previous corresponding period due to increased borrowings and increased interest rates. The average borrowings for the 6 months to 31 December 2018 was \$87.3 million compared with \$73.5 million for the previous corresponding period. The average interest rate paid on borrowed funds was 4.07% per annum compared with 3.84% per annum for the previous corresponding period.
- The administrative cost of running the Fund increased by \$0.120 million with the annualised Indirect Cost Ratio (ICR) increasing to 1.83% compared to 1.79% for the previous corresponding period.
- The "Marked to Market" movement in the Fund's interest rate derivatives resulted in a loss of \$1.614 million compared to a loss of \$0.020 million for the previous corresponding period. This is due to the market's reduced expectation of future interest rate rises and the increased cover taken by the Fund in May 2018.
- Total revaluations of assets (investment properties & agricultural assets, net of impairments) were +\$5.633 million compared to +\$1.184 m for the previous corresponding period.

**Review and results of operations (continued)**

<b>2. Value of Fund's Assets:</b>	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Total assets	<b>244,215,632</b>	231,886,036
Net assets attributable to unitholders	<b>144,867,822</b>	140,637,684
Net asset value ('NAV') per unit	<b>0.8809</b>	0.8594

The value of the Fund's assets and liabilities is derived using the basis disclosed in note 2 of the financial statements of the most recent annual financial report (30 June 2018).

The loan to valuation ratio ("LVR") was 37.6% at 31 December 2018 compared to 37.0% at 30 June 2018 and 39.0% at 31 December 2017.

**3. Contributed Equity**

There was no equity raising conducted by the Responsible Entity during the half-year to 31 December 2018.

Distributions for the Fund are paid from cash available from operating activities; i.e. rent and interest received less the expenses of the Fund. Distributions paid or provided for in the half year to 31 December 2018 were \$6,588,285 (December 2017: \$6,505,486)

During the half-year to December 2018, a total of 2,144,286 new units were issued under the DRP at a value of \$1,817,767.

The DRP represents an opportunity for all unitholders to increase their holding in the Fund and it is pleasing to note that the participation rate (in units) was 29.5% for the December 2018 quarterly distribution, compared to 24.3% for December 2017.

The Responsible Entity has continued to run a quarterly withdrawal facility to provide liquidity to existing unitholders. A total of 1,293,832 units in the Fund were redeemed during the half-year to 31 December 2018 with a total payout of \$1,056,990.

As at 31 December 2018 there were 516 unitholders in the Fund.

**4. Asset Acquisitions**

No properties were acquired or disposed of during the period, however, the Fund spent a total of \$7.2 million on planned Capex at the Fund's following properties: Colignan Organic Dried Fruit Farm, Boombera Park Macadamia Farm and the Green Camel Glasshouse.

**5. Debt facilities**

On the 20 December 2018 the Fund formally increased its borrowing Facility by an additional \$20.0 million. The Facility maturity date was also extended by 2 years from 31 July 2019 until 31 July 2021. At 31 December 2018 the Fund had total borrowing facilities of \$120.00 million of which \$91.0 million was drawn down.

**Significant changes in state of affairs**

There were no significant changes in the state of affairs of the Fund that occurred during the period ended 31 December 2018.

**Matters subsequent to the end of the reporting period**

Nil

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

**Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of financial and property markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

**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 4.

This report is made in accordance with a resolution of the directors.



Andrew Ashbolt  
Director

Melbourne  
13 February 2019

## Auditor's Independence Declaration

To the Directors of Arrow Funds Management Limited, the Responsible Entity for Arrow Primary Infrastructure Fund

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Arrow Primary Infrastructure Fund for the half-year ended 31 December 2018, I declare that, 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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Brock Mackenzie  
Partner – Audit & Assurance

Melbourne, 13 February 2019

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**Arrow Primary Infrastructure Fund**  
**Statement of profit or loss and other**  
**comprehensive income**  
**For the half-year ended 31 December 2018**

**Statement of profit or loss and other comprehensive income**

	<b>31 December 2018</b>	31 December 2017
	\$	\$
<b>Revenue</b>		
Property rental	<b>11,033,128</b>	10,222,991
Interest revenue	<b>6,914</b>	11,665
Agistment income	<b>1,430</b>	30,137
Revaluation of investment properties	<b>4,461,008</b>	-
Total revenue and other income	<b>15,502,480</b>	10,264,793
<b>Expenses</b>		
Direct property expenses	<b>(544,669)</b>	(486,462)
Responsible Entity's management fee	<b>(1,186,296)</b>	(1,057,834)
Custodian fee	<b>(23,168)</b>	(22,927)
Depreciation of agricultural assets	<b>(1,265,386)</b>	(1,334,396)
Depreciation of plant and equipment	<b>(61,245)</b>	(18,092)
Impairment of agricultural assets	<b>(202,460)</b>	-
Other expenses	<b>(103,608)</b>	(111,951)
Loss of fair value revaluation of investment properties	-	(150,393)
Net loss on fair value of derivative financial instruments	<b>(1,613,867)</b>	(20,299)
Finance costs	<b>(1,819,002)</b>	(1,449,226)
Total expenses	<b>(6,819,701)</b>	(4,651,580)
<b>Net profit for the half-year</b>	<b>8,682,779</b>	5,613,213
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit and loss</i>		
Revaluation of agricultural assets	<b>1,374,867</b>	1,334,396
<b>Total comprehensive income for the half-year</b>	<b>10,057,646</b>	6,947,609
<b>Total comprehensive income for the half-year is attributable to:</b>		
Unitholders of Arrow Primary Infrastructure Fund	<b>10,057,646</b>	6,947,609

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**Arrow Primary Infrastructure Fund**  
**Statement of financial position**  
**As at 31 December 2018**

**Statement of financial position**

		<b>31 December 2018</b>	<b>30 June 2018</b>
	Notes	\$	\$
<b>Current assets</b>			
Cash and cash equivalents		<b>1,376,947</b>	1,297,822
Trade and other receivables		<b>29,357</b>	2,207
Prepayments		-	49,367
Derivative financial instruments		<b>60,193</b>	
<b>Total current assets</b>		<b>1,466,497</b>	1,349,396
<b>Non-current assets</b>			
Investment properties	2	<b>192,416,707</b>	181,664,422
Intangible assets	3	<b>9,377,586</b>	9,377,586
Agricultural assets	4	<b>40,324,489</b>	39,169,489
Plant and equipment		<b>630,353</b>	325,143
<b>Total non-current assets</b>		<b>242,749,135</b>	230,536,640
<b>Total assets</b>		<b>244,215,632</b>	231,886,036
<b>Current liabilities</b>			
Trade and other payables		<b>1,700,480</b>	1,328,124
Distributions payable		<b>3,301,394</b>	3,270,387
<b>Total current liabilities</b>		<b>5,001,874</b>	4,598,511
<b>Non-current liabilities</b>			
Derivative financial instruments		<b>3,101,681</b>	1,427,621
Interest-bearing liabilities	5	<b>91,244,255</b>	85,222,220
<b>Total non-current liabilities</b>		<b>94,346,936</b>	86,649,841
<b>Total liabilities</b>		<b>99,347,810</b>	91,248,352
<b>Net assets</b>		<b>144,867,822</b>	140,637,684
<b>Equity</b>			
Contributed equity	6	<b>122,331,987</b>	121,571,210
Asset revaluation reserve		<b>17,366,340</b>	16,161,761
Retained earnings		<b>5,169,495</b>	2,904,713
<b>Total equity</b>		<b>144,867,822</b>	140,637,684

*The above statement of financial position should be read in conjunction with the accompanying notes.*



**Arrow Primary Infrastructure Fund**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

**Statement of changes in equity**

	Note	Contributed equity \$	Retained earnings \$	Revaluation reserve \$	Total equity \$
<b>Balance at 1 July 2017</b>		120,056,226	(2,246,905)	13,514,334	131,323,655
Profit for the period		-	5,613,213	-	5,613,213
Other comprehensive income for the period		-	-	1,334,396	1,334,396
<b>Total comprehensive income for the period</b>		-	5,613,213	1,334,396	6,947,609
<b>Transactions with owners in their capacity as owners:</b>					
Issue of new units (net of capital raising costs)		1,276,925	-	-	1,276,925
Redemption of units		(1,019,989)	-	-	(1,019,989)
Distributions provided for or paid	7	-	(6,505,486)	-	(6,505,486)
<b>Balance at 31 December 2017</b>		120,313,162	(3,139,178)	14,848,730	132,022,714

	Contributed equity \$	Retained earnings \$	Revaluation reserve \$	Total equity \$
<b>Balance at 1 July 2018</b>	121,571,210	2,904,713	16,161,761	140,637,684
Profit for the period	-	8,682,779	-	8,682,779
Other comprehensive income for the period	-	-	1,374,867	1,374,867
<b>Total comprehensive income for the period</b>	-	8,682,779	1,374,867	10,057,646
<b>Transactions with owners in their capacity as owners:</b>				
Issue of new units (net of capital raising costs)	1,817,767	-	-	1,817,767
Redemption of units	(1,056,990)	-	-	(1,056,990)
Distributions provided for or paid	-	(6,588,285)	-	(6,588,285)
Transfer of reserve to retained earnings		170,288	(170,288)	-
<b>Balance at 31 December 2018</b>	122,331,987	5,169,495	17,366,340	144,867,822

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

**Arrow Primary Infrastructure Fund**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

**Statement of cash flows**

	Notes	<b>31 December 2018</b>	31 December 2017
		\$	\$
<b>Cash flows from operating activities</b>			
Property rental receipts		11,483,441	10,563,852
Payments to suppliers		<b>(2,262,705)</b>	(3,184,410)
Interest received		7,107	11,291
Finance costs paid		<b>(1,761,957)</b>	(1,476,090)
<b>Net cash inflow from operating activities</b>	8	<b>7,465,886</b>	5,914,643
<b>Cash flows from investing activities</b>			
Payments for investment properties		<b>(5,964,086)</b>	(4,655,243)
Payments for agricultural assets		<b>(1,247,979)</b>	(1,525,979)
Payments for plant and equipment		<b>(366,455)</b>	(287,278)
<b>Net cash outflow from investing activities</b>		<b>(7,578,520)</b>	(6,468,500)
<b>Cash flows from financing activities</b>			
Net proceeds from equity raising/redemptions		760,777	256,936
Draw down of borrowings		<b>5,988,260</b>	10,609,568
Distributions paid to unitholders		<b>(6,557,278)</b>	(6,308,842)
<b>Net cash inflow from financing activities</b>		<b>191,759</b>	4,557,662
<b>Net increase in cash and cash equivalents</b>		<b>79,125</b>	4,003,805
Cash and cash equivalents at the beginning of the half-year		<b>1,297,822</b>	1,578,529
<b>Cash and cash equivalents at the end of the half-year</b>		<b>1,376,947</b>	5,582,334

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

## 1 Summary of significant accounting policies

### (a) Basis of preparation of half-year financial report

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

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Arrow Primary Infrastructure Fund (the Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

All policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### (b) New accounting standards and interpretations

#### Accounting standards issued but not yet effective and not been adopted early

The Fund applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. AASB 15 establishes a new revenue recognition model and changes the basis for deciding whether revenue is to be recognised over time or at a point in time. This standard has had no material impact on the Fund's revenue recognition. AASB 9 introduces new classification and measurement requirements of financial assets, a forward-looking impairment model and revised hedge accounting requirements. The Fund's only material financial assets are its derivatives financial instruments which continue to be accounted for at fair value through profit or loss under AASB 9. Accordingly, the first-time application of AASB 9 has not had a material impact on the Fund.

The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Fund's assessment of the impact of relevant new standards and interpretations is set out below:

#### *AASB 16 Leases (effective from 1 January 2019)*

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. The standard requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It also provides new guidance on the application of the definition of lease and on sale and lease back accounting. The standard largely retains the existing lessor accounting requirements in AASB 117 with new and different disclosure requirements about leases.

The Fund is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Fund's preliminary assessment, the Standard is not expected to have a material impact on the accounting for the Fund's properties as a lessor. The Fund is in the process of assessing the impact on the accounting of a property where the Fund is a lessee.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

## 1 Summary of significant accounting policies (continued)

### (c) Agricultural assets

Agricultural assets are measured at fair value less point of sale costs and subsequent depreciation.

Any revaluation surplus arising upon appraisal of the agricultural assets is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income.

Downward revaluations of the agricultural assets are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

The investment properties which include agricultural assets are subject to long term leases. These properties are carried at independent valuations. The capitalisation of future cash flows method and the direct comparison summation method of valuation are used to determine the fair value less estimated point of sale costs of the agricultural assets based on the nature of tenants long term leases.

The valuation of investment properties which include agricultural assets and water licences is assessed on an aggregate basis and the independent valuer may or may not separate the valuation into components which are required to be separately disclosed in the financial statements in order to meet Australian Accounting Standards. The carrying amount of each component of property is determined by independent valuers.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The agricultural asset is depreciated over useful lives of 20 to 30 years.

## 2 Investment properties

	<b>31 December 2018</b>	30 June 2018
<b>At fair value</b>	<b>\$</b>	<b>\$</b>
Opening balance	<b>181,664,422</b>	159,081,179
Acquisition of new properties (including acquisition costs)	<b>5,964,086</b>	13,630,126
Revaluations	<b>4,461,008</b>	8,505,391
Changes in fair value for straight-lining of rent adjustment	<b>327,191</b>	447,726
Closing balance	<b>192,416,707</b>	181,664,422

### 3 Intangible assets

The Fund owns 5,677 megalitres (June 2018: 5,677 megalitres) of permanent water licences, which form an integral part of the properties under long-term leases. Water licences have an indefinite useful life as a result of their legal form and are therefore not amortised.

Movement in the carrying amounts for intangible assets for the half-year/year:

	<b>31 December 2018</b>	30 June 2018
	\$	\$
Opening net book amount	<b>9,377,586</b>	9,377,586
Acquisitions	-	-
Reversal of Impairment	-	-
Closing balance	<b>9,377,586</b>	9,377,586

### 4 Agricultural assets

Trees are an integral part of the agricultural assets that are leased to tenants under long-term leases.

The Fund owns the following agricultural assets as at 31 December 2018:

- (a) 135.28 ha of planted mango trees;
- (b) 608.74 ha of planted almond trees;
- (c) 80.94 ha of planted citrus trees;
- (d) 605.3 ha of planted vines;
- (e) 280,000 macadamia trees being propagated in a third party nursery.

Movement in the carrying amounts for agricultural assets for the half-year/year:

	<b>31 December 2018</b>	30 June 2018
	\$	\$
<b>Gross carrying amount</b>		
Opening balance	<b>46,492,362</b>	41,871,510
Acquisition	<b>1,247,979</b>	1,973,425
Impairment of assets	<b>(372,748)</b>	-
Revaluations	<b>1,374,867</b>	2,647,427
Closing balance	<b>48,742,460</b>	46,492,362
<b>Depreciation and impairment</b>		
Opening balance	<b>7,322,873</b>	4,654,081
Depreciation	<b>1,265,386</b>	2,668,792
Reversal of accumulated depreciation	<b>(170,288)</b>	-
Closing balance	<b>8,417,971</b>	7,322,873
<b>Carrying amount</b>	<b>40,324,489</b>	39,169,489

## 5 Interest bearing liabilities

	<b>31 December 2018</b>	<b>30 June 2018</b>
	\$	\$
<b>Non-current</b>		
Secured:		
Tractor loan	<b>278,030</b>	89,770
Cash advance loan facility <sup>(i)</sup>	<b>91,000,000</b>	85,200,000
Unamortised borrowing costs	<b>(33,775)</b>	(67,550)
<b>Total non-current interest bearing liabilities</b>	<b>91,244,255</b>	<b>85,222,220</b>

(i) As at 31 December 2018 the Facility had a limit of \$120,000,000 and a maturity date of 31 July 2021.

## 6 Contributed equity

### Movement Year ended 30 June 2018

	<b>Number of units</b>	<b>\$</b>
Opening Balance	161,871,302	120,056,226
Issue of new Ordinary units – Dividend Reinvestment Plan	3,616,293	2,941,275
Redemption of units	(1,847,599)	(1,425,931)
Capitalised costs associated with the PDS		(360)
<b>Closing Balance</b>	<b>163,639,996</b>	<b>121,571,210</b>

### Movement for the half year ended 31 December 2018

Opening Balance	<b>163,639,996</b>	<b>121,571,210</b>
Issue of new Ordinary units – Dividend Reinvestment Plan	<b>2,114,286</b>	<b>1,817,767</b>
Redemption of units	<b>(1,293,832)</b>	<b>(1,056,990)</b>
<b>Closing Balance</b>	<b>164,460,450</b>	<b>122,331,987</b>

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## 7 Distributions

*Distributions paid or payable to unitholders*

	<b>31 December 2018</b>	31 December 2017	<b>31 December 2018</b>	31 December 2017
	\$	\$	cpu	cpu
September quarter	<b>3,286,891</b>	3,247,508	<b>2.000</b>	2.000
December quarter	<b>3,301,394</b>	3,257,978	<b>2.000</b>	2.000
<b>Total distributions to unitholders for the half-year</b>	<b>6,588,285</b>	6,505,486	<b>4.000</b>	4.000

## 8 Reconciliation of profit to net cash inflow from operating activities

	<b>31 December 2018</b>	31 December 2017
	<b>\$</b>	<b>\$</b>
Profit for the period	<b>8,682,779</b>	5,613,213
Straight lining adjustment on rental income	<b>(327,191)</b>	(471,138)
Amortisation of borrowing costs	<b>33,775</b>	33,775
Net (Gain)/Loss in fair value of investment properties	<b>(4,461,008)</b>	150,393
Depreciation of Agricultural Assets	<b>1,265,386</b>	1,334,396
Depreciation of Plant and Equipment	<b>61,245</b>	18,092
Net loss on fair value of derivative financial instruments	<b>1,613,867</b>	20,299
Impairment of agricultural assets	<b>202,460</b>	-
Changes in operating assets and liabilities:		
Decrease/(Increase) in receivables	<b>22,217</b>	(223,800)
Increase/(decrease) in payables	<b>372,356</b>	(560,587)
<b>Net cash inflow from operating activities</b>	<b>7,465,886</b>	5,914,643

## 9. Contingent assets and liabilities and commitments

There are no outstanding contingent assets or contingent liabilities as at 31 December 2018 (2017: Nil).

As at 31 December 2018 there were commitments for capital expenditure on the Fund's properties as follows:

Capital commitments due within next 6 months	<b>3,210,524</b>	8,237,190
Capital commitments due >6 months and < 4 years	<b>3,582,583</b>	10,953,050

## 10 Events occurring after the reporting period

Other than as recorded in the Director's Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2018 or on the results and cash flows of the Fund for the half-year ended on that date.

**Directors' declaration**

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 14 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 Fund's financial position as at 31 December 2018 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the 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.



Andrew Ashbolt  
Director

Melbourne  
13 February 2019



# Independent Auditor's Review Report

## To the Unitholders of Arrow Primary Infrastructure Fund

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Arrow Primary Infrastructure Fund (the Fund), which comprises the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Arrow Primary Infrastructure Fund does not give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' responsibility for the half year financial report

The Directors of the Responsible Entity of Arrow Primary Infrastructure Fund are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year 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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations*

*Regulations 2001*. As the auditor of Arrow Primary Infrastructure Fund, 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*.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Brock Mackenzie  
Partner – Audit & Assurance

Melbourne, 13 February 2019