APN European Retail Property Group

Consolidated financial report for the year ended 30 June 2015

(Prepared under a wind-up basis of accounting)

APN EUROPEAN RETAIL PROPERTY GROUP
AND ITS CONTROLLED ENTITIES
ARSN 114 153 641
ABN 28 760 842 482

ANNUAL REPORT
30 June 2015

Contents

DIRECTORS' REPORT

The Directors of APN Funds Management Limited ('APN FM' or the 'Responsible Entity'), the Responsible Entity for the APN European Retail Property Group and its controlled entities ('the Group'), present their report together with the financial report of the Group, for the year ended 30 June 2015 and the auditor's report thereon.

Responsible Entity

The registered office and principal place of business of the Responsible Entity and the consolidated entity is Level 30, 101 Collins Street, Melbourne.

The directors of APN Funds Management Limited during the Statement Period are:

Geoff Brunsdon
Jennifer Horrigan
Michael Johnstone
Howard Brenchley
Michael Groth (Alternate Director)

Principal Activities

The principal activity of the Group for the financial year ended 30 June 2015 was proceeding with the wind up of the Group entities following the completion of the sale of all the real estate assets.

Objectives

The Group's business strategy is to manage the consensual workout programme as set out in the Omnibus Deed with the intention that companies that remain within the Group following completion of the asset sales will be wound up.

Structure

On 10 July 2007 the Group became a stapled entity with the establishment of APN/UKA European Retail Property Holding Trust (formerly APN/UKA European Retail Trust) ("ERT") and APN/UKA European Retail Property Management Trust. During the previous financial year, the units of APN European Property Management Trust were cancelled and thus the entities were de-stapled.

Review of operations

The sale programme was approved by unit-holders in December 2011. In accordance with the Omnibus Deed, proceeds of sale were prioritised towards the repayment of senior debt positions and RBS's Working Capital Facility and closed-out foreign exchange contracts. It is now clear that proceeds will not be sufficient to fully repay these liabilities. The de-listing of the AEZ Group from the ASX was completed on 3 September 2012. At 30 June 2015 the Group reported a net asset deficiency position of $43.9 million (2014: $41.3m).

AEZ recorded a loss from discontinued operations after tax of $29.7 million (2014: profit $34.7 million).

The AEZ Group entered into the 'Omnibus Deed' with RBS on 14 March 2011. This Deed implemented an asset sale programme to be completed by 30 November 2012 and also facilitated the solvent wind-up of the Group.

Cancellation of units

On 30 June 2014, it was communicated to unit holders that the majority of units in AEZ, which comprise the stapled trusts APN European Retail Property Management Trust (Management Trust) and APN European Retail Property Holding Trust (Holding Trust), were cancelled as at 26 June 2014.

Management Trust

The winding up of the Management Trust was completed in the previous financial year and it was determined that a final distribution would not be made. Accordingly, APN FM, as responsible entity, cancelled all of the units in the management trust.

Holding trust

APN FM has completed the sale of assets of the Holding Trust and has determined that there will not be a final distribution to unitholders as all surplus proceeds will be returned to the principal lender, RBS.

A number of structures remain within the Holding Trust which is still in the process of being wound up. Any surplus cash is being held to facilitate the wind-up of these structures. Upon completion of the wind-up, all cash will be returned to RBS.

Accordingly, APN FM is not in a position to cancel all units held by unitholders in the Holdings Trust. However, APN FM proportionately cancelled 99% of the units on issue in the Holding Trust as at 26 June 2014. The balance of units is being held to enable the orderly liquidation of the companies within the Group. Upon completion of the wind-up, all units will be cancelled in Holding Trust.

Directors' Report (continued)

Basis of preparation

On 14 March 2011 the Group signed the Omnibus Deed with RBS which set out the terms and conditions of a plan to sell the assets of the Group by 30 November 2012. As a result of this decision the end of the life of the Fund became a foreseeable event and the consolidated financial statements of the Group are now prepared on the wind-up basis of accounting. While the asset sale programme completed successfully, further time is required to close out the remaining issues and wind-up the entities of the Group on a voluntary basis. The Working Capital Facility and consequently the Omnibus Deed currently expire on 30 September 2015, however RBS have confirmed in writing that a further extension to 31 December 2016 has been approved by their credit committee, maintaining the existing terms and conditions. Management expect that the wind down of the structure could take up to 3 years therefore further extensions of the Working Capital Facility, or a full waiver of the outstanding amount owed will be required.

There is a risk that if the Working Capital Facility and Omnibus Deed expire, RBS may appoint a receiver to ERT and strip the Group of its cash without allowing the close out of the remaining issues and the orderly wind up of the entities. This would be a complex, lengthy and expensive process for the bank, particularly with the Fund being multi-jurisdictional and would leave them with a risk of clawback for example by local tax authorities. The existing Working Capital Facility matures on 30 September 2015. RBS have confirmed in writing a further extension to 31 December 2016 has been approved by their credit committee, maintaining the existing terms and conditions. Given the history of the relationship and the previous attitude of the bank, it is expected that RBS will opt to extend the term of the current arrangement if further extensions beyond 31 December 2016 are required.

The forecast operating cash flows of the Group are closely monitored by management. The forecast to 31 December 2017 indicates that these cash flows will continue to decline, but through support mechanisms included in the Omnibus Deed, such as the ability to defer forward exchange contract ("FEC") payments and cash reserves, there will be sufficient funds available to continue in operation. With the agreement of RBS these funds will be retained within the Group, and the remainder will be used to partially repay debts to RBS. The remaining outstanding amounts owing to RBS will need to be written off prior to the liquidation of ERT.

As the Directors have concluded that the Group and the Trust are no longer going concerns, the consolidated financial statements for the year ended 30 June 2015 have been prepared on the wind-up basis of accounting. Under this basis of accounting, assets are measured at their net realisable value and liabilities are measured at their contractual settlement amounts.

This matter is discussed further in note 2(c) to the consolidated financial statements.

Distributions

There were no distributions declared in the year to 30 June 2015 (2014: $Nil).

Significant changes in the state of affairs

In the opinion of the Directors of the Responsible Entity, other than the circumstances that have already been disclosed within this report, there were no other significant changes in the state of affairs of the consolidated Group that occurred during the financial year.

Events subsequent to reporting date

As reported in note 2(c) to these consolidated financial statements, RBS have agreed to extend the Working Capital Facility and the terms and conditions of the Omnibus Deed to 31 December 2016.

There have been no other subsequent events that require reporting after the reporting date.

Future developments

Any further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Trust information in the Directors' report

Fees paid to the Responsible Entity and the Asset Manager during the financial year are disclosed in note 23 to the consolidated financial statements.

The number of securities in the Fund issued during the financial year and the number of securities in the Fund at the end of the financial year is disclosed in note 16 to the consolidated financial statements.

The number of securities in the Fund held by the Responsible Entity or its associates as at the end of the financial year is disclosed in note 23 to the consolidated financial statements.

The value of the Fund's assets as at the end of the financial year is disclosed in the consolidated statement of financial position as "Total Assets" and the basis of valuation is included in note 3 to the consolidated financial statements.

Directors' Report (continued)

Options Granted

No options were:

- Granted over unissued securities in the Fund during or since the end of the financial year; or
- Granted to the Responsible Entity.

No unissued securities in the Fund were under option as at the date on which this Report is made.

No securities were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued securities in the Fund.

Indemnification and Insurance of Officers and Auditors

APN Funds Management Limited ('the Company') in its capacity as the Responsible Entity of the Group has agreed to indemnify the Directors and officers of the Company and its controlled entities, both past and present, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company will meet the full amount of any such liabilities, including costs and expenses. In addition, the Company has paid a premium in respect of a contract insuring against a liability incurred by an officer of the Company. The Company has not indemnified or made a relevant agreement to indemnify the auditor of the Group or of any related body (corporate) against a liability incurred by the auditor.

Directors' shareholdings

Howard Brenchley, a Director of the Responsible Entity of the Trust, holds 2,437 units in the Group as at 30 June 2015 (2014: 2,437). No other director has interests, or rights or options over interests, in the group.

Auditor's independence declaration

The Auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the financial year ended 30 June 2015.

Rounding off of amounts

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Geoff Brunsdon
Chairman

Dated at Melbourne, 22 September 2015

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The Board of Directors
APN Funds Management Limited
Level 30
101 Collins Street
MELBOURNE VIC 3000

22 September 2015

Dear Board Members

APN European Retail Property Group

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of APN Funds Management.

As lead audit partner for the audit of the financial statements of APN European Retail Property Group for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Security Holders of APN European Retail Property Group

We have audited the accompanying financial report of APN European Retail Property Group, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Trust, and the entities it controlled at the year's end or from time to time during the financial year (collectively "the Group") as set out on pages 8 to 37.

Directors' Responsibility for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards as they apply on a non-going concern basis as disclosed in note 2(c) and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of APN European Retail Property Group, would be in the same terms if given to the Directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of APN European Retail Property Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Solvency and Valuation of Assets and Liabilities

Without modifying our opinion, we draw attention to Notes 2(c), 13 and the Directors' Declaration in the financial report which indicate the following:

- the valuation of assets and liabilities requires estimates and assumptions and therefore there are a number of uncertainties inherent in realising assets and settling liabilities in a wind up. The existence of these material uncertainties cast significant doubt about whether the Group and Trust will realise assets and extinguish liabilities at the amounts stated in the financial report; and

- the ability of the Group and Trust to pay their debts as and when they become due and payable is dependent on the Group and the Trust's continued compliance with the Omnibus Deed dated 14 March 2011 and a number of other assumptions.

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 22 September 2015

Consolidated statement of profit or loss and other comprehensive income

		Consolidated	
Discontinued operations	**Note**	**2015 $'000's**	**2014 $'000's**
Revenue			
Interest income	*6*	29	15
Other income		4,074	398
Profit on disposal of assets	*4*	-	39,175
		4,103	**39,588**
Expenses			
Other operating expenses	*5*	(3,995)	(1,968)
Foreign exchange losses		(38)	(868)
Finance expenses	*6*	(2,007)	(2,054)
Loss on liquidation of subsidiaries	*7*	(27,745)	-
		(33,785)	**(4,890)**
(Loss) / profit before income tax expense		**(29,682)**	**34,698**
Income tax expense	*8*	(4)	(22)
(Loss) / profit for discontinued operations for the financial year		**(29,686)**	**34,676**
(Loss) / profit for the financial year		**(29,686)**	**34,676**
(Loss) / profit for the financial year		**(29,686)**	**34,676**
Other comprehensive income			
Exchange difference (loss) / gain on translation of foreign operations		(621)	22,729
Reversal of foreign currency translation reserve following disposals and liquidations of subsidiaries	*7/4*	27,745	(6,997)
Other comprehensive gain relating to foreign currency translation reserve		**27,124**	**15,732**
Total comprehensive (loss) / income for the financial year		**(2,562)**	**50,408**

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of financial position

	Note	Consolidated 2015 $'000's	Consolidated 2014 $'000's
Assets			
Cash and cash equivalents	*22(ii)*	11,776	13,412
Trade and other receivables	*10*	524	8,184
Total current assets		**12,300**	**21,596**
Total assets		**12,300**	**21,596**
Liabilities			
Trade and other payables	*12*	118	2,473
Provisions	*14*	3,777	3,167
Interest-bearing liabilities	*15*	2,544	32,598
Current tax liabilities	*8(i)*	2,456	2,472
Other financial liabilities	*13*	47,263	22,182
Total current liabilities		**56,158**	**62,892**
Total liabilities		**56,158**	**62,892**
Net liabilities		**(43,858)**	**(41,296)**
Equity attributable to security holders of the Group comprises:			
Contributed equity	*16*	552,048	552,048
Foreign currency translation reserve		7,349	(19,775)
Accumulated losses		(603,255)	(573,569)
Total deficiency		**(43,858)**	**(41,296)**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statements of changes in equity

	Consolidated				
	Contributed equity $'000s	**Foreign currency translation reserve $'000s**	**Other reserve $'000s**	**Accumulated losses $'000s**	**Total $'000s**
Opening balance as at 1 July 2013	**552,048**	**(35,507)**	**-**	**(608,245)**	**(91,704)**
Profit for the year	-	-	-	34,676	34,676
Effect of movement in foreign exchange	-	22,729	-	-	22,729
Reversal of FCTR following disposals	-	(6,997)	-	-	(6,997)
Total comprehensive income for the year	-	15,732	-	34,676	50,408
Total equity as at 30 June 2014	**552,048**	**(19,775)**	**-**	**(573,569)**	**(41,296)**
Opening balance as at 1 July 2014	**552,048**	**(19,775)**	**-**	**(573,569)**	**(41,296)**
Loss for the year	-	-	-	(29,686)	(29,686)
Effect of movement in foreign exchange	-	(621)	-	-	(621)
Reversal of FCTR following liquidations	-	27,745	-	-	27,745
Total comprehensive loss for the year	-	27,124	-	(29,686)	(2,562)
Total equity as at 30 June 2015	**552,048**	**7,349**	**-**	**(603,255)**	**(43,858)**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of cash flows

	Note	Consolidated 2015 $'000's	2014 $'000's
Cash flows generated by / (used in) operating activities			
Other income		5,148	372
Cash paid to suppliers		(1,096)	(3,338)
Income taxes paid		-	(1,153)
Net cash generated by / (used in) operating activities	*22(i)*	4,052	(4,119)
Cash flows used in investing activities			
Cash outflow from disposal of subsidiary		-	(160)
Net cash flows used in investing activities		-	(160)
Cash flows used in financing activities			
Repayment of borrowings		(5,692)	(6,848)
Finance costs paid		(32)	(327)
Interest received		29	15
Net cash flows used in financing activities		(5,695)	(7,160)
Net decrease in cash and cash equivalents		(1,643)	(11,439)
Cash and cash equivalents at beginning of the financial year		13,412	24,434
Effect of foreign exchange rate fluctuations on cash held		7	417
Cash and cash equivalents at the end of the financial year	*22(ii)*	**11,776**	**13,412**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

APN European Retail Property Group (the 'Group'), comprising the APN European Retail Property Holding Trust and its controlled entities, is a registered managed investment scheme under the Corporations Act 2001 and was established on 17 May 2005. The address of the Group's registered office is Level 30, 101 Collins Street, Melbourne VIC 3000. The Group delisted from the Australian Securities Exchange on 3 September 2012.

2. Basis of Preparation

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASs') as they apply to an entity that is not a going concern adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* and the requirements of the Parent entity's (the "Trust") constitution.

Compliance with AASs ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as they apply to an entity that is not a going concern. For the purposes of preparing the consolidated financial statements, the Trust is a for profit entity.

The financial report was authorised for issue by the directors of the Responsible Entity on 22 September 2015.

(b) New or revised Standards and Interpretations that are first effective in the current reporting period

In the current year, there are a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

None of the amendments or interpretations are relevant to the Group and therefore the adoption of these standards does not have any material impact on the disclosures or the amounts recognised in the Group's financial statements.

Early adoption of standards

The group has not elected to apply any of the following pronouncements early.

Standards and Interpretations in issue not yet adopted

The initial application of the following standards and Interpretations is not expected to have a material impact on the Financial Report of the Group. At the date of authorisation of the financial report, the following standards were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

2. Basis of preparation (continued)

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard.
- AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards.
- AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments', Part C – Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards

(c) Going concern and wind-up basis of accounting

On 14 March 2011 the Group signed the Omnibus Deed with RBS which set out the terms and conditions of a plan to sell the assets of the Group by 30 November 2012. As a result of this decision the end of the life of the Fund became a foreseeable event and the consolidated financial statements of the Group are now prepared on the wind-up basis of accounting. While the asset sale programme completed successfully, further time is required to close out the remaining issues and wind-up the entities of the Group on a voluntary basis. The Working Capital Facility and consequently the Omnibus Deed currently expire on 30 September 2015, however RBS have confirmed in writing that a further extension to 31 December 2016 has been approved by their credit committee, maintaining the existing terms and conditions. Management expect that the wind down of the structure could take up to 3 years therefore further extensions of the Working Capital Facility, or a full waiver of the outstanding amount owed will be required.

The forecast operating cash flows of the Group are closely monitored by management. The forecast to 31 December 2017 indicates that these cash flows will continue to decline, but through support mechanisms included in the Omnibus Deed, such as the ability to defer forward exchange contract ("FEC") payments, as well as existing cash reserves there will be sufficient funds available to continue in operation for the foreseeable future. With the agreement of RBS these funds will be retained within the Group, and the remainder will be used to partially repay debts to RBS. The remaining outstanding amounts owing to RBS will need to be written off prior to the liquidation of ERT.

As the Directors have concluded that the Group and the Trust are no longer going concerns, the consolidated financial statements for the year ended 30 June 2015 have been prepared on the wind-up basis of accounting. Under this basis of accounting, assets are measured at their net realisable value and liabilities are measured at their contractual settlement amounts.

The valuation of assets and liabilities requires the use of many estimates, judgements and assumptions and therefore there are uncertainties inherent in realising assets and settling liabilities in a wind-up. Therefore the actual realisation of assets and settlement amounts of liabilities could be higher or lower than amounts indicated in this financial report. The estimates, judgements and assumptions used are based on the current market conditions and information available as at the balance sheet date, but the directors caution unitholders to be aware that the valuation of assets and liabilities are exposed to movements in AUD/EUR exchange rates.

These estimates, judgements and assumptions will be evaluated and reviewed regularly by management and any changes will be made accordingly.

The accounting policies and method of computation adopted in the financial report are on the wind-up basis of accounting and are consistent with those adopted and disclosed in the Group's financial report for the financial year ended 30 June 2014.

(d) Use of estimates and judgements

The preparation of a financial report in conformity with AASs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Judgements made by management in the application of AASs that have significant effects on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the consolidated financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following areas:

- Note 8 – income tax expense;
- Note 11 – valuation of investment property (fair value less costs of disposal);
- Note 13 – forward exchange contracts; and
- Note 14 – provisions.

(e) Basis of measurement

The financial report has been prepared on the wind-up basis whereby the following items are measured at net realisable value:

- Derivative financial instruments; and
- Financial instruments at fair value through profit or loss.

The methods used to measure net realisable values are discussed further in note 3.

In accordance with AASB 13 all assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(f) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the comparative financial report are on a wind-up basis and are consistent with those adopted and disclosed in the Group's annual consolidated financial statements for the financial year ended 30 June 2014.

(a) Accounting for the Stapling

The Group was established in July 2007 by the stapling of securities of the parent entity, being APN European Retail Property Holding Trust, and the APN European Retail Property Management Trust (AEZM). The securities traded as one security on The Australian Securities Exchange ('ASX') under the code AEZ. As a result of the stapling, the parent entity, for accounting purposes, was deemed the acquirer, and has consolidated AEZM from 10 July 2007.

Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of AEZM on acquisition and reflecting the net assets attributable to AEZM as a non-controlling interest. The holders of AEZM are also holders of AEZH by virtue of the stapling arrangement. This financial report has been prepared based upon a business combination by the Parent entity of AEZM and in recognition of the fact that the securities issued by the Parent entity, and AEZM have been stapled and cannot be traded separately. The Group delisted from the Australian Securities Exchange on 3 September 2012. During the previous financial year, the units of AEZM were cancelled and the entity has been wound up, hence it is no longer stapled with APN European Retail Property Holding Trust.

3. Significant accounting policies (continued)

(b) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Trust and entities (including structured entities) controlled by the Trust and its subsidiaries. Control is achieved when the Trust:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- the size of the Trust 's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Trust, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Trust and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Trust and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

<u>Changes in the Group’s ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Significant accounting policies (continued)

(b) **Basis of consolidation (continued)**

(ii) **Business combinations**

The acquisition method is used to account for the purchase of subsidiaries. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. Consideration will also include the fair value of any contingent consideration and the fair value of any pre-existing interest in the subsidiary.

On an acquisition by acquisition basis the fund recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of consideration transferred over the Group's share of the net identifiable assets acquired (after taking into account the impact of the non-controlling interest) is recorded goodwill. Negative goodwill is recognised immediately in the consolidated statement of profit or loss and other comprehensive income. Where settlement of any part of the cash consideration is deferred the amounts payable in the future are discounted to their present value at the date of exchange. Contingent consideration is classified either as equity or as a financial liability. Financial liabilities will be fair valued and recognised through the consolidated statement of profit or loss and other comprehensive income. In subsequent periods goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(c) Foreign currency translation

(i) Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian Dollars, which is the functional currency of the Group, and the presentational currency for the consolidated financial statements.

(ii) Translation of foreign currency balances

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the consolidated statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value though profit or loss and derivative financial instruments are included in gains and losses on investments and net gain/(loss) on derivatives, respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the consolidated statement of profit or loss and other comprehensive income.

(iii) Translation of accounts of foreign operations

The Group is predominately comprised of operations that are located in the European Union. The statement of financial positions of these foreign subsidiaries are translated at the exchange rates ruling as at balance date and the profit or loss statements of foreign subsidiaries are translated at average exchange rates for the year. Exchange differences arising on translation of foreign operations are taken directly to equity.

3. Significant accounting policies (continued)

(d) Revenue recognition

(i) Interest income

Interest income and expense is recognised in the consolidated statement of profit or loss and other comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income and expense includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(e) Expenses

(i) Finance expenses

Finance expenses comprise interest payable on borrowings calculated using the effective interest method. Financing costs exclude borrowing costs capitalised to qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalised as part of that asset.

Capitalisation of borrowing costs ceases during extended periods in which active development is interrupted. When a development is complete and ceases to be a qualifying asset, borrowing costs are expensed as incurred.

(f) Income and deferred tax

Under current legislation the Parent entity is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the security holders.

Income tax on the profit or loss for the year for controlled entities comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the consolidated statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As at 30 June 2015, the Group's consolidated financial statements have been prepared on a wind-up basis which has, combined with movement in the carrying amounts of assets and liabilities, resulted in the de-recognition of deferred tax assets, except where these can be recovered against deferred tax liabilities.

Additional income taxes that arise from the payment of distributions or dividends are recognised at the same time as the liability to pay the related dividend.

3. Significant accounting policies (continued)

(f) Income and deferred tax (continued)

Distribution and taxation

The Parent entity fully distributes its taxable income, calculated in accordance with the Parent entities constitution and applicable taxation legislation, to the security holders who are presently entitled to the income under the constitution.

Assets held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Parent entity is not subject to capital gains tax.

Realised capital losses are not distributed to security holders but are retained in the Parent entity to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to security holders.

(g) Goods and services tax

Management fees, auditors' fees, legal fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Payables and receivables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in trade and other receivables in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis.

(h) Distributions to security holders

Distributions to security holders are recognised as a liability in the period in which the security holders are presently entitled.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(j) Trade and other receivables

Under the going concern basis of accounting trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 3(l)). Under the wind-up basis of accounting, trade and other receivables are stated at their net realisable value.

(k) Impairment

The carrying amounts of the Group's assets, other than investment properties (see accounting policy 3(l) and deferred tax assets (see accounting policy 3(f)), are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of non-significant receivables is performed by collating receivables into portfolios of similar risk profiles and undertaking a collective assessment of impairment based on objective evidence from historical experience, adjusted for any effects of conditions existing at reporting date.

The carrying amount of impaired receivables is reduced by the impairment loss through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss and other comprehensive income. The Group derecognises a receivable only when the contractual rights to the cash flows from the asset expire.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

3. Significant accounting policies (continued)

(k) Impairment (continued)

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Investment properties

The investment properties are carried at their net realisable value representing their fair value less the estimated costs to sell. Any gain or loss arising from a change in net realisable value is recognised in the consolidated statement of profit or loss and other comprehensive income.

(m) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

A financial asset is classified at fair value through profit and loss if acquired principally for the purpose of selling in the short-term or if upon initial recognition is designated as at fair value through profit or loss. Derivatives are classified as held for trading unless they are designated as hedges.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classifies as non-current assets.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets and 'financial assets at fair value through profit or loss' are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

3. Significant accounting policies (continued)

(n) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives which do not qualify for hedge accounting, or are not in a designated hedge accounting relationship, are classified and accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and are remeasured to fair value at each reporting date. The derivatives are marked to market by discounting the contractual cash flows using a market rate for a similar instrument as at balance date. The valuations are provided by the financial instrument provider. The resultant gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price. However, where derivatives qualify for hedge accounting and are in a designated hedge relationship, recognition of any resulting gain or loss depends on the nature of the item being hedged.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the borrowings on an effective interest basis.

(p) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

(q) Financial instruments issued by the Group

(i) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in accounting policy note 3(d).

3. Significant accounting policies (continued)

(r) Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(s) *Trade payables*

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are stated at their amortised cost. Trade and other payables are non-interest bearing and are normally settled on 60 day terms.

(t) Equity issuance costs

Transaction costs incurred in issuing securities are accounted for as a deduction from equity.

(u) Discontinued operations and disposal groups

Where assets of the Group are actively being marketed for sale, and are expected to be sold within twelve months of the reporting date, they are classified in the consolidated statement of financial position as disposal groups held for sale. Where a group of assets are to be sold these are classified as a disposal group. On initial transfer this classification assets are valued at their net realisable value.

Where a disposal group also qualifies as an operational segment of the business the operation results of the segment will be classified as a discontinued operation and will be reported within a single line in the consolidated statement of profit or loss and other comprehensive income. Non-current assets and disposal groups classified as held for sale are measured at their net realisable value.

4. Assets and liabilities classified as disposal groups and discontinued operations

Details of disposals

30 June 2014

The shares of City Gate SA were sold on 11 July 2013.

Calculation of gain on disposal

	Greece
	$’000’s
Cash consideration received	-
Interest bearing liability waived	52,033
Carrying amount of net liabilities assumed by purchaser	3,245
Less cost associated with sale of assets	(146)
Recycling of foreign currency reserve	(6,997)
Gain on disposal before income tax	48,135
Income tax expense	-
Gain on disposal after income tax	**48,135**
Effect in deconsolidation of entities	(8,960)
Gain on disposal	**39,175**

		Consolidated	
		2015	**204**
		$'000's	**$'000's**
5.	**Other Operating Expenses**		
	The following amounts have been charged to the consolidated statement of profit or loss and other comprehensive income:		
	Other expenses:		
	Cost of services	1,483	1,968
	Bad debt expense	2,512	-
	Other operating expenses	**3,995**	**1,968**
6.	**Financing income / (expense)**		
	Interest income – external	29	15
	Total financing income	**29**	**15**
	Interest expense – external	(2,006)	(2,050)
	Banking and facility fees	(1)	(4)
	Finance expenses	**(2,007)**	**(2,054)**
	Net financing costs	**(1,978)**	**(2,039)**

7. Liquidation of subsidiaries

As at 30 June 2015, the Fund was in the process of actively winding up the remaining entities, as listed in note 21.

On 4 July 2014 APN Property Holdings (No.3) BV was placed into liquidation, the Group ceased to have control over this entity, and consequently its net assets were deconsolidated. This entity was formally deregistered on 20 October 2014.

On 15 December 2014 APN (UK) Limited was placed into liquidation, the Group ceased to have control over this entity, and consequently its net assets were deconsolidated. The liquidation is expected to be finalised sometime in FY'16.

On 2 July 2014 Festival Park Es Mirall Holdings B.V. was placed into liquidation, the Group ceased to have control over this entity, and consequently its net assets were deconsolidated. This entity was formally deregistered on 4 August 2014.

Calculation of loss on liquidation of subsidiary

	Festival Parks Es Mirall Holdings B.V.	**APN PH3 B.V**	**APN UK Ltd**	**Total**
	$'000's	**$'000's**	**$'000's**	
Liquidation distribution received / receivable	4	81	118	203
Liquidation costs	6	24	15	45
Less carrying amount of net assets on liquidation	(10)	(105)	(133)	(248)
FCTR recycled on liquidation	(11)	8,904	18,852	27,745
Effect on deconsolidation of entities	**(11)**	**8,904**	**18,852**	**27,745**

8. Income tax expense

	Consolidated 2015 $'000's	Consolidated 2014 $'000's
Current tax expense		
Current year	(4)	(5)
Prior year current tax adjustment	-	(3)
Other tax	-	(14)
Income tax expense	**(4)**	**(22)**
Numerical reconciliation between tax expense and pre-tax net gain:		
(Loss) / gain from discontinued operations before income tax expense	**(29,682)**	**34,676**
Income tax expense / (benefit) using the domestic tax rate of 30% (2014: 30%)	8,905	(10,403)
Decrease in income tax expense / (benefit) due to:		
Trust income / (expenses) not subject to tax	484	(9,746)
Other non-assessable income	(9,194)	(10,078)
Effect of tax losses not recognised/deferred tax assets derecognised	(108)	30,004
Effect of tax rate in foreign jurisdictions	(87)	201
Other items	(4)	-
Income tax expense on pre-tax net (loss) / profit	**(4)**	**(22)**

(i) Current tax assets and liabilities

The current tax liability, representing the amount of income taxes payable in respect of the current year, for the Group is $2,456,000 (2014: $2,472,000).

Unrecognised deferred tax assets

At 30 June 2015, the Group had $13,199,000 (2014: $2,121,000) of unrecognised deferred tax assets arising from tax losses.

Deferred tax assets have not been recognised in respect of these losses because it is not probable that future taxable profits will be available against which the Group can benefit from.

9. Auditors' remuneration

Details of the amounts paid to the auditor, Deloitte Touche Tohmatsu and its respective related practices for audit and non-audit services are set out below:

	Consolidated 2015 $	2014 $
Audit services:		
Auditor of the parent entity		
Audit and review of financial reports	18,120	113,025
	18,120	**113,025**
Affiliated firms		
Audit and review of financial reports	-	1,814
	-	**1,814**
Total audit services	**18,120**	**114,839**

In accordance with the Consultancy Framework Agreement signed between APN Funds Management Limited as responsible entity of APN European Retail Property Holding Trust, APN Funds Management Limited in its personal capacity and The Royal Bank of Scotland, the costs relating to the audit of the financial reports of the parent entity are paid by APN Funds Management Limited and are included above for information purposes only.

Other services:	Consolidated 2015 $	2014 $
Auditor of the parent entity		
Advisory services		
Taxation services	101,101	104,664
	101,101	**107,862**
Affiliated firms		
Advisory and taxation services	51,719	87,248
	51,719	**87,248**
Total other services	**152,820**	**195,110**
	170,940	**309,949**

10. Trade and other receivables

	Consolidated 2015 $'000's	2014 $'000's
Current		
Other receivables	518	8,184
Prepayments	6	-
Receivables from related parties		
Interest bearing loans to related parties	6,451	10,270
Less: Provision for impairment	(6,451)	(10,270)
	524	**8,184**

(a) Allowance for impairment loss

Related party receivables are non-interest bearing receivables and are generally on 15-30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired and by reference to past default experience. Refer to accounting policy 3(k) for details of the Group's impairment policy. A net impairment loss of $Nil (2014: net impairment loss of $nil) has been recognised by the Group in the current year.

During the financial year the Group waived unrecoverable amounts due from its related party totalling $4.1m. These had been fully provided for in previous financial years.

10. Trade and other receivables (continued)

	Consolidated 2015 $'000's	2014 $'000's
Movements in the provision for impairment were:		
Opening balance	(10,270)	(10,174)
Provision released on waiver of amounts due	4,122	-
Effect of movements in foreign exchange	(303)	(96)
	(6,451)	**(10,270)**

11. Investment property

	Consolidated 2015 $'000's	2014 $'000's
Opening balance	-	2,705
Assets held for sale / net realisable value adjustments	-	-
Disposal of properties	-	(2,705)
Effects of movements in foreign exchange	-	-
	-	**-**

12. Trade and other payables

	Consolidated 2015 $'000's	2014 $'000's
Current		
Trade payables	60	28
Other payables and accrued expenses	57	87
Amounts payable to related parties	1	2,358
	118	**2,473**

Details regarding timing of cash flows and interest applicable can be found in note 18.

13. Other financial liabilities

	Consolidated 2015 $'000's	2014 $'000's
Current – at fair value		
Financial liabilities held for trading:		
Forward exchange contracts – all closed out	17,426	20,799
Other financial liabilities	1,363	1,383
Bank loans	28,474	-
	47,263	**22,182**

Royal Bank of Scotland hedging facilities €12,026,000, equivalents to $17,426,000 (2014: $20,799,000)

At 30 June 2015, the RBS hedging facilities are not in breach following the waiver of these breaches by the Royal Bank of Scotland in the Omnibus Deed and subsequent extensions to the Deed. The hedging facilities continue to be classified as current as it is anticipated that they will be discharged following the year.

An agreement has been entered into which allows any cash remaining at the point of liquidation of P.C. Cuadernillos (merged with Es Mirall Developments S.A during the previous financial year) and Es Mirall Developments S.A. to be returned to RBS. A liability of $1,363,000 has therefore been recognised to reflect this agreement.

On 18 June 2015 RBS formally agreed to cease charging interest on the secured bank loan.

13. Other financial liabilities (continued)

	Consolidated 2015 $'000's	2014 $'000's
(i) Banking facilities		
Available at reporting date		
Bank loans, secured	**28,474**	**30,054**

(ii) Financing arrangements

Bank loans

Bank loans are denominated in Euro and up until ceasing of interest being charged were interest only loans with principal repayable on maturity.

For the years ended 30 June 2015 and 30 June 2014, current secured bank loans are secured by a fixed and floating charge over the APN European Retail Property Holding Trust. Interest was capitalised and rolled over each month/quarter up until 18 June 2015 when RBS ceased charging interest on the balance. RBS have confirmed that their credit committee has approved an extension to the Working Capital Facility from 30 September 2015 to 31 December 2016.

14. Provisions

	Consolidated 2015 $'000's	2014 $'000's
Current		
Other	**3,777**	**3,167**

Reconciliation

Reconciliations of the carrying amounts of each class of provisions, are set out below:

Other	Consolidated 2015 $'000's	2014 $'000's
Opening balance	3,167	3,019
Provisions made	602	96
Provision used	-	-
Effects of movements in foreign exchange	8	52
	3,777	**3,167**

Included in other provisions is an amount of $3,090,000 (2014: $3,167,000) relating to potential transfer tax payable. Management have determined this amount based on advice received from tax specialists in the relevant tax jurisdictions.

	Consolidated 2015 $'000's	2014 $'000's
15. Interest bearing liabilities		
Current – at amortised cost		
Other loans from related parties, unsecured	2,544	2,544
Bank loans, secured	-	30,054
	2,544	**32,598**

Fair values

The approximate fair value of the interest bearing liabilities is $2,544,000 (2014: $32,598,000) for the Group.

Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 18.

16. Contributed equity and reserves

	Consolidated 2015 Securities	Consolidated 2014 Securities
(i) Securities on issue		
On issue at the beginning of the period	5,449,107	544,910,660
Securities cancelled	-	(539,461,553)
On issue at the end of the period	**5,449,107**	**5,449,107**

The security holders of the Group are entitled to receive distributions from the Fund as declared from time to time with the extent to which each security is paid up. Under the Group's constitution each security, to the extent paid up, represents a right to the underlying assets of the Group.

(ii) Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Australian dollars, together with the currency translation of long term payables and receivables that are considered part of the Group's net investment in foreign operations, are brought to account directly in the foreign currency translation reserve.

17. Parent entity disclosures

	2015 $'000's	2014 $'000's
Financial position as at 30 June 2015		
Assets		
Current assets	2,934	8,994
Total assets	**2,934**	**8,994**
Liabilities		
Current liabilities	51,590	58,811
Total liabilities	**51,590**	**58,811**
Equity		
Contributed equity	552,047	552,048
Retained earnings	(600,703)	(601,865)
Total equity	**(48,656)**	**(49,817)**

Financial performance for the year ended 30 June 2015

	2015 $'000's	2014 $'000's
Profit / (loss) for the year	1,560	(3,893)
Total comprehensive income / (loss)	**1,560**	**(3,893)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent has not entered into any guarantees in relation to the debts of its subsidiaries.

Commitments for the acquisition of property, plant and equipment by the parent entity

There were no commitments for the acquisition of property, plant and equipment by the parent entity.

18. Financial risk management objectives and policies

(i) Capital risk management

The Group seeks to maximise value to security holders while ensuring that the Group complies with capital and distribution requirements of its constituent documents and/or trust deeds.

The capital structure of the Group comprises the proceeds from the issue of securities to security holders, undistributed changes in net assets attributable to security holders and interest bearing liabilities. The Group assesses the adequacy of its capital requirements and cost of capital as part of its broader strategic plan, with the objective of maintaining a long term gearing ratio of between 50 – 55%. The Group continuously reviews its capital structure to ensure distributions to security holders are made within the stated distribution policy. The Omnibus Deed signed with RBS overrides this strategy (refer Note 2(c)), and as a result the capacity to manage the Group's capital structure by accessing the debt and equity markets has been restricted. The capital risk management practices are therefore being conducted within these restricted circumstances and the information presented in this note should be viewed in this context.

(ii) Financial Instruments

The Group's principal financial assets and liabilities comprise cash and cash equivalents, receivables, payables and interest bearing liabilities.

The Group's investment strategy exposes it to various types of risk that are associated with the financial instruments identified above and the markets in which it invests. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and other price risk.

The Group manages its exposure to key financial risks according with its financial risk management objectives. The objectives are to support the delivery of financial targets whilst protecting future financial security. While the overall strategy remains unchanged from 2014, the current financial position of the Group has restricted the ability to utilise financial instruments to manage this risk.

(iii) Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group is also exposed to other price risk. Market risk embodies the potential for both losses and gains.

The Group historically utilised derivative financial instruments to manage its exposure to interest rate and foreign currency risk as follows:

- foreign currency forward exchange contracts – to manage currency risk; and
- interest rate swaps – to manage interest rate risk.

These market risks are discussed in more detail under sections *(a) Currency risk*, *(b) Interest rate risk* and *(d) Other price risk*.

While there has been no material change to the Group's exposure to market risks or the manner in which it measures these risks from the previous period, the Group's current financial position has placed restrictions on its ability to use financial instruments to respond to changing market risks. All foreign currency forward exchange contracts are now closed out and there are no remaining interest rate swaps.

18. Financial risk management objectives and policies (continued)

(a) Currency risk

The Group's real estate assets were all located in Europe and, as the majority of the remaining group entities are located in Europe, most of the income, expenses, assets and borrowings are denominated in Euro (EUR). The income is ultimately distributed in Australian Dollars (AUD) and consequently the Group is exposed to the risks of fluctuations in the AUD against the EUR.

The Group historically minimised its net exposure to AUD/EUR exchange fluctuations on income and expenses by entering into forward exchange contracts to fix the exchange rates on estimated future distributions (refer to discussion on distribution hedges below).

Distribution hedges

The Group has an objective to enter into forward exchange contracts, converting EUR to AUD on a rolling basis to fix the exchange rates on estimated future distributions as follows:

- 100% of estimated distributions for years 1 to 5;
- 75% of estimated distributions for year 6;
- 50% of estimated distributions for year 7; and
- 25% of estimated distributions for year 8.

While the above objective remains unchanged, the Group's current financial position means that all available cash will be directed to meeting its capital risk management objectives and accordingly the expectations regarding estimated future distributions have been revised to $nil for the foreseeable future.

The fair value of the distribution hedging arrangements recorded by the Group at 30 June 2015 was a net liability of $17,426,000 (2014: net liability $20,799,000) (refer note 13); these relate to closed out Foreign Exchange Contracts.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase/decrease in the AUD against the EUR. The sensitivity represents management's assessment of the possible changes in foreign exchange rates based upon a review of the historical levels of changes in foreign exchange rates over the last 12 months. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for the identified change in foreign currency rates.

A positive number indicates an increase in operating profit before finance costs and net assets where the AUD appreciates against the EUR.

	EUR impact[1] Consolidated	
	2015 $'000's	**2014 $'000's**
Loss before income tax benefit[2]	1,486	1,019
Equity attributable to security holders[3]	-	1,630

1. The sensitivity has been calculated using a 5% (2014: 5%) appreciation of AUD against EUR. A depreciation of 5% will have an equal and opposite impact.
2. Includes the foreign exchange sensitivity arising from the retranslation of monetary financial instrument and the fair value exposure on financial instruments classified or designated as fair value through profit or loss. It does not include the potential sensitivity to foreign exchange from the retranslation of non-financial asset such as investment properties.
3. Represents the sensitivity of the long term loans and receivables to foreign operations.

18. Financial risk management objectives and policies (continued)

(b) Interest rate risk

The Group is exposed to interest rate movements on floating rate debt obligations. The Group has an objective of ensuring that, at a minimum, 80% of its exposure to interest rates on borrowings is on a fixed rate basis in accordance with its maturity profile. Predominantly the Group's exposure is to European interest rates (EURIBOR). As noted above, the Group's current financial position has placed restrictions on its ability to amend interest rate swaps to respond to changes in borrowings and/or their maturity profiles. Accordingly interest rate risk management practices have been conducted within these restrictions and the information presented in this note should be viewed in this context.

Interest rate sensitivity analysis

The Group has an objective of constantly managing its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of variable and fixed interest rates.

The sensitivity analyses below have been determined based on the Group's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 1% increase and 0.5% decrease (2014: 1% increase and 0.5% decrease) movement in interest rates represents management's assessment of the possible changes in interest rates based upon a review of the historical levels of changes in 1 year Euribor.

The following table illustrates the effect on (loss) / gain before income tax benefit if interest rates had been 1% higher or 0.5% lower (2014: 1% higher / 0.5% lower) and all other variables were held constant.

	Consolidated		Consolidated	
	+1.00%	+1.00%	-0.50%	-0.50%
	2015	2014	2015	2014
	$'000's	$'000's	$'000's	$'000's
(Loss) / gain before income tax benefit	92	1,240	(46)	(620)

(c) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable units, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management seeks to manage and reduce these risks by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities ensuring that the Group has sufficient access to cash including maintaining working capital.

Due to the current significant uncertainty about the Group's ability to continue as a going concern (refer note 2(c)), the capacity to manage the Group's liquidity risk has been restricted. As identified in note 13, the Group had breached several debt and hedging financial covenants that permit financiers to terminate these facilities and demand immediate repayment. RBS has committed to extending the Omnibus Deed agreement from 30 September 2015 until 31 December 2016 which will allow sufficient liquidity within the group to meet its financial obligations as they fall due.

The Group's debt maturity profile, subject to the non-enforcement of covenant breaches and cross default events, is less than one year (2014: less than one year).

18. Financial risk management objectives and policies (continued)

(c) Liquidity risk management (continued)

Liquidity and interest risk tables

The contractual maturities of financial liabilities of the Group are identified below. The tables have been drawn up using undiscounted cash flows based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and represent the Group's exposure to liquidity risk.

		Timing of contractual cash flow				
	Carrying Amount $'000	Less than 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000	Total $'000
Consolidated – 2015						
Trade and other payables	**118**	118	-	-	-	**118**
Interest bearing loans	**2,544**	2,544	-	-	-	**2,544**
Forward exchange contracts	**17,426**	17,426	-	-	-	**17,426**
Other financial liabilities	**29,837**	29,837	-	-	-	**29,837**
	49,925	**49,925**	**-**	**-**	**-**	**49,925**

		Timing of contractual cash flow				
	Carrying Amount $'000	Less than 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000	Total $'000
Consolidated – 2014						
Trade and other payables	**2,473**	2,473	-	-	-	**2,473**
Interest bearing loans	**32,598**	32,598	-	-	-	**32,598**
Forward exchange contracts	**20,799**	20,799	-	-	-	**20,799**
Other financial liabilities	**1,383**	1,383	-	-	-	**1,383**
	57,253	**57,253**	**-**	**-**	**-**	**57,253**

(d) Other price risk

Other price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Group exposure to other price risk is $Nil.

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, financial assets and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these transactions. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group only trades with recognised, creditworthy third parties. It is not the Group's policy to securitise its trade and other receivables. Collateral is held in some cases depending on an assessment of the credit risk of the tenant.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored. The territories experiencing significant macro-economic pressures (e.g. Greece) the additional credit risk is taken into account in accessing the Group's credit exposure.

18. Financial risk management objectives and policies (continued)

(e) Credit risk (continued)

There are no significant concentrations of credit risk within the Group. Credit risk on cash and cash equivalents is limited due to the Group using creditworthy counterparties.

The Group held a back-to-back derivative financial instrument with a related party. In recent years, the credit rating of the counterparty deteriorated and as a result, the Group's exposure to credit risk has increased. The Group has provided in full against the receivable position from the related party (refer to note 10).

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014.

30 June 2015

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000's	**$'000's**	**$'000's**	**$'000's**
Liabilities				
Derivatives used for hedging	-	17,426	-	**17,426**

30 June 2014

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000's	**$'000's**	**$'000's**	**$'000's**
Liabilities				
Derivatives used for hedging	-	20,799	-	**20,799**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2.

19. Capital and other commitments

The Group has $nil capital and other commitments at 30 June 2015 (2014: $Nil).

20. Contingencies

There are no contingencies in effect at 30 June 2015 (30 June 2014: none).

21. Consolidated entities

Name of Entity	Note	Country of Incorporation	Ownership interest and voting rights % 2015	2014
Parent Entity				
APN European Retail Property Holding Trust	*(a)*			
Controlled Entities				
APN Traisenpark Sub Trust		Australia	100.0	100.0
APN (UK) Limited	*(b)*	UK	-	100.0
APN Property Holdings (No.3) BV	*(c)*	Netherlands	-	100.0
APN Property Holdings (No.15) BV		Netherlands	100.0	100.0
Festival Park Es Mirall Holdings BV	*(c)*	Netherlands	-	100.0
APN Property Holdings (No.1) Sarl		Luxembourg	100.0	100.0
Es Mirall Developments SA		Spain	100.0	100.0
IFB Verwaltungs GmbH		Germany	100.0	100.0

(a) APN European Retail Property Holding Trust is the parent entity of the APN European Retail Property Group and for accounting purposes has been deemed the acquirer of APN European Retail Property Management Trust (now dissolved).
(b) The company was in liquidation as at 30 June 2015.
(c) Entity dissolved during the year.

22. Notes to the consolidated statement of cash flows

(i) Reconciliation of cash flows from operating activities

	Consolidated 2015 $'000's	2014 $'000's
Net (loss) / profit	**(29,686)**	**34,676**
Adjustments for non-cash items and items classified as investing or financing activities:		
Net finance costs	1,975	1,655
Interests received classified within finance activities	(29)	(15)
(Loss) / gain on liquidations / disposals	27,745	(39,175)
Waiver of receivable balances	2,512	-
Waiver of loans payable to related parties	(2,720)	-
Net cash used in operating activities before changes in assets and liabilities	**(203)**	**(2,859)**
Change in assets and liabilities during the financial year		
Decrease in trade and other receivables	4,587	372
Decrease in trade and other payables and provisions	(332)	(501)
Decrease in tax liability	-	(1,131)
Net cash flows generated by / (used in) operating activities	**4,052**	**(4,119)**

(ii) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

22. Notes to the consolidated statement of cash flows (continued)

(ii) Reconciliation of cash and cash equivalents (continued)

	Consolidated 2015 $'000's	2014 $'000's
Cash on hand	11,776	13,412
	11,776	**13,412**

(iii) Cash balances not available for use

Included in the balance of cash and cash equivalents is an amount of $11,776,000 (2014: $13,412,000) for the Group concerning amounts that have been provided to banks as security for bank guarantees, derivative financial instruments and other transactions.

23. Key management personnel disclosure

(i) Key management personnel

The Parent entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage its activities.

(ii) Responsible Entity

The Responsible Entity for the APN European Retail Property Group is APN Funds Management Limited (ABN 60 080 674 479). The ultimate parent entity of the Responsible Entity is APN Property Group Limited (ABN 30 109 846 068).

(iii) Key management personnel compensation

Key management personnel are paid by the parent of the Responsible Entity for their services to APN Property Group Limited. Payments made from the Group to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel in respect of services rendered to the Group itself.

(iv) Identity of related parties

The Group has a related party relationship with its controlled entities (refer note 21), APN Funds Management Limited (the 'Responsible Entity'), the directors of APN Funds Management Limited and APN European Management Limited (the 'Asset Manager').

(v) Securities in the Group held by the Responsible Entity

From time to time the Responsible Entity and the funds managed by the Responsible Entity or its director-related entities may acquire or dispose of securities in the Group. The acquisition or disposal of securities in the Group is on the same terms and conditions as those entered into by other Group investors. The security holdings were as follows:

Entity holding the investment	Opening balance	Change[1]	Closing balance
2015 - Fully paid stapled securities			
APN Funds Management Limited	6,600	-	6,600
APN Property Group Limited	39,766	-	39,766
APN Property for Income Fund No.2	340,004	-	340,004
2014 - Fully paid stapled securities			
APN Funds Management Limited	660,000	(653,400)	6,600
APN Property Group Limited	3,976,605	(3,936,839)	39,766
APN Property for Income Fund No.2	34,000,463	(33,660,459)	340,004

[1] Change during the previous year due to the cancellation of 99% of the units of the Trust.

23. Key management personnel disclosure (continued)

(vi) Securities in the Group held by other related parties

The number of stapled securities held by each director of APN Funds Management Limited, including their personally related parties, at the end of the reporting period is set out below.

No securities were issued as compensation during the year.

	Fully paid units		
Director	**Balance at the beginning of the year**	**Change during the year**	**Balance at the end of the year**
2015			
Howard Brenchley	2,437	-	**2,437**
***2*014**			
Howard Brenchley [1]	243,693	(241,256)	**2,437**

[1] The Group cancelled 99% of the units on issue, hence the reduction in units held by Howard Brenchley in the previous financial year.

(vii) Key management personnel loan disclosure

The Group has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

(viii) Other transactions with the Group

During 2015 and 2014 no securities were issued to related parties.

(ix) Other related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. No guarantees have been given or received. No expense has been recorded in the current period for bad or doubtful debts in respect of amounts owed by related parties.

Asset Manager

The Asset Manager prior to completion of the sale of the assets of the Group was APN European Management Limited, a company incorporated in the Isle of Man. In accordance with the asset management agreement, the Asset Manager was entitled to:

- a base management fee that is calculated on a tiered basis based on the Gross Asset Value of the Group;
- an acquisition fee, based on the purchase price of a property for the Group;
- a disposal fee, based on the sale price of a property for the Group;
- a debt arrangement fee, based on the amount of debt arranged for the Group; and
- expenses and other costs reasonably incurred in respect of the Group.

In addition, in accordance with the provisions of the Asset Management Agreement, the Asset Manager has opted out of providing certain asset management and debt arrangement services during the year. Such services have been jointly provided by the Responsible Entity, or its appointed representative. The terms of the Omnibus Deed limit the present entitlement of the Asset Manager to receive base management fees to its costs of providing the asset management services. Base management fees, to which the Asset Manager is entitled in excess of this amount, are deferred and cannot be paid until RBS has been paid in full.

The transactions and balances outstanding are as overleaf. The Group held no assets during the current financial year.

23. Key management personnel disclosure (continued)

	APN European Management Limited $'000	APN Funds Management Limited $'000	APN Funds Management (UK) Limited $'000
2015			
Management fees	-	-	-
2014			
Management fees	1,681	(33)	710
	1,681	**(33)**	**710**

	APN European Management Limited $'000	APN Funds Management Limited $'000	APN Funds Management (UK) Limited $'000	APN Property Group Limited $'000
2015				
Balances				
Amounts payable	-	-	-	(2,545)
Transactions				
Interest expense	-	-	-	-
2014				
Balances				
Amounts payable (note 12)	(1,681)	33	(710)	(2,544)

Other Related Parties

The following table lists the transactions that occurred and the balances recorded in respect to transactions between the Group and its other related parties:

	APN Manhattan Sub-Trust $'000
2015	
Balances	
Loans receivable	6,451[1]
2014	
Balances	
Loans receivable	10,270[1]

[1] The balance of this loan has been provided against in full (refer to note 10).

24. Subsequent events

As reported in note 2(c) to these consolidated financial statements, RBS have agreed to extend the Working Capital Facility and the terms and conditions of the Omnibus Deed to 31 December 2016.

There have been no other subsequent events that require reporting after the reporting date.

DIRECTORS' DECLARATION

In the opinion of the Directors of APN Funds Management Limited, the Responsible Entity of APN European Retail Property Holding Trust:

(a) The financial statements and notes are in accordance with *the Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of the Group as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date and are prepared on the wind-up basis of accounting as set out in note 2(c); and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001 and International Financial Reporting Standards, as stated in note 2(a) to the financial statements; and

(b) there are reasonable grounds to believe that the Group and the Parent will be able to pay their debts as and when they become due and payable.

The Directors note that the ability of the Parent and the Group to pay their debts as and when they become due and payable and the ability to realise the Parent's and the Group's assets at their net realisable value and settle their liabilities at their contractual settlement amounts, is dependent on the Parent and the Group's continued compliance with the Omnibus Deed, which amongst other things sets out provisions which restructure certain of the Group's liabilities to allow deferral or non-payment of those liabilities in certain circumstances.

Signed in accordance with a resolution of the Directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors

Geoff Brunsdon
Chairman
22 September 2015