APN Poland Retail Fund

ARSN 122 452 779

Financial report for the year ended
30 June 2015
(prepared under a wind-up basis of
accounting)

Contents

Directors' report

The Directors of APN Funds Management Limited (ARSN 080 674 479) (the "Responsible Entity") submit the annual financial report of APN Poland Retail Fund (the "Fund" or the "Trust") and its controlled entities (the "Group") for the year ended 30 June 2015. Reference to the "Group" in the annual report is to the Fund and its controlled entities. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the Directors

The names of the Directors of the Responsible Entity during or since the end of the financial year are:

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

Principal activities

The Trust is a registered managed investment trust domiciled in Australia. The principal activity of the Trust is to invest in Manhattan Shopping Centre, a shopping complex based in Gdansk, Poland.

Winding up of the Fund

It is Managements' opinion, based on the evidence currently available, that there are not reasonable grounds to believe that the Fund will continue as a going concern. Accordingly, the financial statements for the year ended 30 June 2015 have been prepared on a wind-up basis of accounting. Under the wind-up basis of accounting, assets are measured at their net realisable value and liabilities are measured at their contractual settlement amounts.

Changes in state of affairs

During the financial year the Group reached an agreement to sell its sole asset, the Manhattan Shopping Centre. The sale was executed on 27 July 2015. Refer to subsequent events section below for further details.

Future developments

Following completion of the sale of the Manhattan Shopping Centre, all assets and liabilities will be settled and the remaining entities in the Group and the Fund will be terminated in the coming months.

Review of operations

As the Trust and the Group are not considered going concerns, this financial report for the year ended 30 June 2015 has been prepared on a wind-up basis of accounting. Under the wind-up basis of accounting, assets are measured at their net realisable value and liabilities are measured at their contractual amounts. This basis of accounting results in the recognition of estimated selling costs to be incurred in the sale of the Group's investment property and measuring the fair value of the investment property assuming a limited marketing period. For full details of the basis of preparation of the financial report, refer to Note 2 of the financial statements.

The senior debt facility with FMS (formerly Deutsche Pfandbriefbank) matured on 4 October 2014. FMS confirmed at this date that quarterly standstill arrangements would be made available from the date of the loan maturity until a transaction for the sale could be completed. As at 30 June 2015 an agreement was in place to sell the asset via a sale of the share capital of the shareholder of the asset-owning entity. The sale was completed on 27 July 2015 (refer to subsequent events section below for further details).

The APN Poland Retail Fund will be wound up in the coming months following the sale of the Manhattan Shopping Centre, however due to the net liability position there will not be any further distributions from this Fund.

Results

The results of the operations of the Group, for the year ended 30 June 2015, are disclosed in the consolidated statement of profit or loss and other comprehensive income of these financial statements. The consolidated profit for the year ended 30 June 2015 was $6,372,000 (2014: $3,836,000).

Directors' report (continued)

Distributions

No distributions have been paid or declared in the current financial year (2014: nil).

Auditor's independence declaration

The Auditor's Independence Declaration is included on page 4 of the annual report.

Subsequent events

On 27 July 2015 APN Manhattan Sub-Trust sold its shareholdings in APN Property Holdings (No.12) B.v., the sole shareholder of the asset-owning entity Sirius Investments Sp z o.o., for €25,000. Due to the net liability position of the APN Property Holdings (No.12) B.v. group, the consolidated group will recognise a profit of $12,051,000 on the sale in the financial year ending 30 June 2016.

There have been no other subsequent events that require reporting after the statement of financial position date.

Trust information in the Directors' report

Fees paid to the Responsible Entity and the Asset Manager during the financial year are disclosed in Note 15 to the 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 12 to the 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 15 to the 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 financial statements.

Options granted

No options were:

(i) Granted over unissued securities in the Fund during or since the end of the financial year; or

(ii) 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' report (continued)

Rounding 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 has been signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors

Geoff Brunsdon
Chairman
Melbourne, 22 September 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

22 September 2015

Dear Board Members

APN Poland Retail Fund

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 Poland Retail Fund 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
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
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Independent Auditor's Report to the Security Holders of APN Poland Retail Fund

We have audited the accompanying financial report of APN Poland Retail Fund, 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 ("the Group") at the year's end or from time to time during the financial year as set out on pages 7 to 32.

Directors' Responsibility for the Financial Report

The Directors of the Responsible Entity 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.

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 Poland Retail Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of APN Poland Retail Fund 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), 3(l), 9 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

- given that the senior debt has been extinguished upon sale of the asset-owning entity on 27 July 2015, the ability of the other members of the Group and the Trust to pay their debts as and when they become due and payable is dependent upon the adequacy of the remaining funds and a number of other assumptions.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

		Consolidated	
Discontinued operations	**Note**	**Wind-up basis 2015 $000**	**Wind-up basis 2014 $000**
Income			
Rental income		6,044	7,515
Interest received	4	5	12
Foreign exchange gains		-	1,891
Other income	4	3,298	-
Waiver of related party loans	4	4,479	-
Reversal of impairment of trade receivables	4/7	114	-
Total income		**13,940**	**9,418**
Expenses			
Property expenses		2,752	3,530
Management fees	15	168	162
Other expenses		523	577
Impairment of trade receivables	5/7	89	112
Finance costs	5	1,045	1,201
Foreign exchange losses		552	-
Fair value loss on investment property	9	2,439	-
Total expenses		**(7,568)**	**(5,582)**
Net profit before tax		6,372	3,836
Tax expense		-	-
Profit for discontinued operation for the year		**6,372**	**3,836**
Profit for the year		**6,372**	**3,836**
Other comprehensive income / (loss)			
Exchange difference in translation of foreign operations		339	(948)
Other comprehensive income / (loss) for the year		**339**	**(948)**
Total comprehensive income for the year		**6,711**	**2,888**

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
As at 30 June 2015

	Note	Consolidated Wind-up basis 2015 $000	Consolidated Wind-up basis 2014 $000
Assets			
Current assets			
Cash and cash equivalents	6	156	1,491
Trade and other receivables	7	6	300
Total current assets (excluding assets in disposal groups classified as held for sale)		162	1,791
Assets held for sale	8	-	37,197
Assets in disposal groups classified as held for sale	8	36,457	-
Total current assets		**36,619**	**38,988**
Non-current Assets			
Property & equipment		-	11
Total non-current assets		**-**	**11**
Total assets		**36,619**	**38,999**
Liabilities			
Trade and other payables	10	6,532	1,421
Interest-bearing liabilities	11	-	61,573
Total liabilities (excluding liabilities directly associated with disposal groups classified as held for sale)		6,532	62,994
Liabilities directly associated with disposal groups classified as held for sale	8	47,371	**-**
Total liabilities		**53,903**	**62,994**
Net liabilities		**(17,284)**	**(23,995)**
Equity			
Contributed equity		36,594	36,594
Foreign currency translation reserve		902	563
Accumulated losses		(54,780)	(61,152)
Total Deficiency		**(17,284)**	**(23,995)**

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

Consolidated statement of changes in equity

For the year ended 30 June 2015

	Consolidated			
	Contributed Equity $000	**Reserves $000**	**Accumulated losses $000**	**Total $000**
Balance as at 1 July 2013	36,594	1,511	(64,988)	(26,883)
Movement in foreign currency translation reserve	-	(948)	-	(948)
Other comprehensive loss for the year	**-**	**(948)**	**-**	**(948)**
Profit for the year	-	-	3,836	3,836
Total comprehensive income for the year	-	(948)	3,836	2,888
Total equity as at 30 June 2014	**36,594**	**563**	**(61,152)**	**(23,995)**
Balance as at 1 July 2014	36,594	563	(61,152)	(23,995)
Movement in foreign currency translation reserve	-	339	-	339
Other comprehensive loss for the year	**-**	**339**	**-**	**339**
Profit for the year	-	-	6,372	6,372
Total comprehensive income for the year	-	339	6,372	6,711
Total equity as at 30 June 2015	**36,594**	**902**	**(54,780)**	**(17,284)**

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

For the year ended 30 June 2015

		Consolidated	
	Note	**Wind-up basis 2015 $000**	**Wind-up basis 2014 $000**
Cash flows from operating activities			
Rental and other income received from customers		6,187	7,488
Property and other expenses paid to suppliers		(3,847)	(4,473)
Cash generated from operations		**2,340**	**3,015**
Net cash generated from operating activities	16(b)	**2,340**	**3,015**
Cash flows from investing activities			
Payments for plant and equipment		-	(13)
Payments for investment property		(999)	-
Net cash used in investing activities		**(999)**	**(13)**
Cash flows from financing activities			
Interest received		5	12
Advance received from related parties		-	14
Finance costs paid		(1,044)	(1,201)
Repayment of borrowings		(1,153)	(1,731)
Net cash used in financing activities		**(2,192)**	**(2,906)**
Net (decrease) / increase in cash and cash equivalents held		**(851)**	**96**
Effects of exchange rates on the balance of cash held in foreign currencies		(1)	77
Cash and cash equivalents at beginning of the financial year		1,491	1,318
Cash and cash equivalents at end of the financial year	6	**639**	**1,491**

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

Notes to the Financial Statements

1. Reporting entity

The APN Poland Retail Fund ("the Fund") is a registered managed investment scheme under the Corporations Act 2001. The consolidated financial report of the Fund for the year ended 30 June 2015 comprises the Fund and its controlled entities ("the Group").

2. Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations as they apply to an entity that is not a going concern, and complies with other requirements of the law as they apply to an entity that is not a going concern. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial report complies with International Financial Reporting Standards ('IFRS') as they apply to an entity that is not a going concern.

The financial statements were authorised for issue by the Directors 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.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards is not expected to have any material impact on the financial report of the Group:

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

2. Basis of Preparation (continued)

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

[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

The senior debt facility with the lending bank FMS, (formerly Deutsche Pfandbriefbank) matured on 4 October 2014. At this date the bank agreed to enter into quarterly standstill agreements based on the existing terms of the loan until a transaction for the sale could be completed. Any surplus cash would be used to amortise the loan on a quarterly basis.

During the financial year an agreement was reached to sell the asset via a sale of the share capital of APN Property Holdings (No.12) B.V., the sole shareholder of the asset owning entity. As at 30 June 2015 the terms of the sale were substantially agreed by all parties. The sale was executed at the end of the quarterly standstill period ending 27 July 2015.

The sale of the sole shareholder of the asset-owning entity has resulted in only two entities remaining in the group – APN Poland Retail Fund and APN Manhattan Sub-Trust. These remaining entities will be wound up in the coming months using the remaining cash in the Group to ensure a solvent termination.

As the directors have concluded that the Group is no longer a going concern, the 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, and in particular Investment Property, are measured at their net realisable value and liabilities are measured at their contractual settlement amounts or amounts in accordance with accounting standards.

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 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 balance date, but the directors caution unitholders to be aware that the valuation of assets and liabilities are exposed to movements in the EUR/PLN and AUD/EUR exchange rates.

These estimates, judgments and assumptions will be evaluated and reviewed regularly and any changes will be made accordingly.

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

2. Basis of Preparation (continued)

(d) Use of estimates and judgments

The preparation of a financial report in conformity with Australian equivalents to International Financial Reporting Standards (AIFRS) 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.

Judgements made by management in the application of AIFRS as they apply to an entity that is not a going concern that have significant effects on the 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 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 financial statements are described in the following areas:

- Note 9 outlines the valuation basis for the investment property at 30 June 2015. Management have based the estimated for the fair value of the investment property on third party offers received for the investment property, which is held for sale. Management have compared the offers received to the independent valuation received in the previous financial year, which was calculated on the basis of a restricted marketing period. Management are satisfied, based on the value of the third party offers received, and the fact that these are not materially different to the independent valuation received in the previous financial year, that the fair value of investment property, as disclosed in note 9, is accurate.

(e) Rounding of amounts

The Fund 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 06/57 effective 31 January 2006 and in accordance with that Class Order, all financial information presented have been rounded to the nearest thousand unless otherwise stated.

(f) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Parent entity's functional currency.

3. Significant accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015.

(a) Comparative information

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 financial report for the financial year ended 30 June 2014.

(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.

3. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

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.

Changes in the Group's ownership interests in existing subsidiaries

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.

(c) Foreign currency

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 APN Poland Retail Fund, and the presentational currency for the consolidated financial statements.

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 through 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.

3. Significant accounting policies (continued)

(c) Foreign currency (continued)

Translation of accounts of foreign operations

The Group is predominately comprised of operations that are located in the European Union. The statements of financial position of these foreign subsidiaries are translated at the exchange rates ruling as at balance date and the profit or loss statement of foreign subsidiaries are translated at average exchange rates for the year. Exchange differences arising on translation of foreign operations are taken directly to net assets attributable to security holders. When a foreign operation is disposed of, in part or in full, the relevant amount in net assets attributable to security holders is transferred to profit or loss.

(d) Revenue

Rental income

Rental income (including rental guarantee income) from investment properties is recognised on a straight line basis over the lease term. Rental income not received at reporting date, is reflected in the consolidated statement of financial position as a receivable or if paid in advance, as rent in advance. Lease incentives granted by the Group to lessees are recognised over the lease term on a straight-line basis as a reduction of lease income.

Contingent rents, based on the future amounts of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases are only recognised when contractually due.

Interest income

Interest income 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 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

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 shall be 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.

Operating lease payments

Payments made under operating leases are recognised in consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

(f) Income tax

Under current income tax legislation the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the security holders) who are 'presently entitled' to the income of the Fund. There is no income of the Fund to which the security holders are not presently entitled and additionally, the Fund Constitution requires the distribution of the full amount of the net income of the Fund to the security holders each period.

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

Realised capital losses are not distributed to security holders but are retained within the Fund to be offset against any realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of security holders in that period and is distributed to security holders in accordance with the requirements of the Fund's Constitution.

3. Significant accounting policies (continued)

(f) Income tax (continued)

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 net assets attributable to security holders.

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

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.

(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 Tax 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. 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 cash flow statement.

(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. Under the wind-up basis of accounting, trade and other receivables are stated at their net realisable value.

(k) Property, plant and equipment

Property, plant and equipment not integral to earning rental income are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The expected useful life for the current and comparative periods is 5-12 years.

From 30 June 2009 the financial statements have been prepared on a wind-up basis. As a result, property, plant and equipment has been written down to its net realisable value.

(l) Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or both.

Investment property, comprising freehold land and buildings, are initially recognised at cost plus acquisition costs directly associated with the purchase, unless the properties are acquired as part of a business combination, in which case they are initially recognised at fair value on acquisition date. Subsequent to initial recognition, investment property is stated at fair value. The Group has an internal valuation process for determining the fair value at each reporting date. Under this policy, an external, independent valuation expert, having an appropriate recognised qualification and recent experience in the location and category of property being valued may be engaged to undertake an independent valuation.

Basis of Valuation

Under the wind-up basis of accounting, the independent valuation is based on the property's net realisable value, being the estimated amount for which the property could be exchanged on the date of valuation in an arm's length transaction assuming a limited marketing period and taking into account the estimated selling costs likely to be incurred in the disposal of the property. The 30 June 2015 valuation is based on offers received from investors following the marketing campaign. The offers received were in line with the 30 June 2013 valuation which was based on an independent assessment made by a member of the Royal Institute of Chartered Surveyors.

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.

3. Significant accounting policies (continued)

(m) Investments and other financial assets

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.

i) Loans and receivables

Loans and receivables that 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 profit and loss. 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 and loss’ are presented in profit or loss 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 changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount of the security. The translation differences related to changes in 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.

Impairment

The carrying amount of the Group’s assets, other than investment property and deferred tax assets, are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. An asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the assets recoverable amount is estimated.

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 financial assets including uncollectable trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. 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.

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.

3. Significant accounting policies (continued)

(m) Investments and other financial assets (continued)

An impairment loss is reversed only to the extent that the assets 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.

Non-financial assets
The carrying amount of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of any asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other non-financial assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(n) 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.

(o) Trade and other 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.

Under the going concern basis of accounting, trade and other payables are stated at their amortised cost. Under the wind-up basis of accounting, trade and other payables are stated at their contractual amounts or amounts in accordance with accounting standards. Trade and other payables are non-interest bearing and are normally settled on 60-day terms.

(p) Interest bearing borrowings

Interest bearing borrowings are recorded initially at fair value, net of transaction costs. Under the going concern basis of accounting, subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Under the wind-up basis of accounting, interest bearing borrowings are measured at their contractual amounts or amounts in accordance with accounting standards, with any difference between the initial recognised amount and the settlement amount being recognised in consolidated statement of profit or loss and other comprehensive income.

(q) 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.

3. Significant accounting policies (continued)

(q) Provisions (continued)

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 consolidated entity 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.

(r) Transaction costs

Transaction costs incurred in issuing securities are accounted for as a deduction from net assets attributable to security holders.

(s) Discontinued operations and Asset held for sale

Discontinued operations

These are either separate major lines of business or geographical operations that have been sold or classified as held for sale. When held for use, discontinued operations were a cash-generating unit or a group of cash-generating units. They comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. Their results are shown separately in the consolidated statement of profit or loss and other comprehensive income and comparative figures are restated to reclassify them from continuing to discontinued operations.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. Other income

	Consolidated	
	2015 $000	**2014 $000**
Financing income		
Interest income – external	5	12
Other		
Waiver of currency hedges (i)	3,298	-
Waiver of related party loans	4,479	-
Reversal of impairment of trade receivables	114	-

(i) During the financial year Deutsche Bank accepted a payment of €100,000 in full settlement of closed out currency hedges valued at €2,311,000.

5. Other operating expenses

	Consolidated	
	2015 $000	2014 $000
Loans and receivables		
Impairment of trade receivables	89	112
Financing expense		
Interest expense – external	1,045	1,201

6. Cash and cash equivalents

	Consolidated	
	2015 $000	2014 $000
Cash and cash equivalents are classified in the consolidated statement of financial position as follows:		
Cash at bank and on hand	156	1,491
Cash held within disposal group held for sale (note 8)	483	-
	639	**1,491**

7. Trade and other receivables

	Consolidated	
	2015 $000	2014 $000
Trade debtors	1,345	1,468
Provision for impaired receivables	(1,280)	(1,315)
Prepayments	123	138
Other receivables	6	9
	194	**300**

	Consolidated	
	2015 $000	2014 $000
Trade and other receivables are classified in the consolidated statement of financial position as follows:		
Amount disclosed as trade and other receivables	6	300
Amount disclosed within disposal group held for sale (note 8)	188	-
	194	**300**

	Consolidated	
	2015 $000	2014 $000
The ageing analysis of trade receivables is as follows:		
Unimpaired		
Current	**4**	**25**
Past due but not impaired		
Less than 30 days overdue	49	79
More than 30 but less than 60 days overdue	4	39
More than 60 but less than 90 days overdue	3	9
More than 90 days overdue	5	1
	61	**128**
Impaired		
Less than 30 days overdue	4	22
More than 30 but less than 60 days overdue	4	17
More than 60 but less than 90 days overdue	5	23
More than 90 days overdue	1,267	1,253
	1,280	**1,315**
	1,345	**1,468**

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. Trade receivables are predominantly tenant rent receivables. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired and by reference to past default experience. An impairment provision of $89,000 was booked in the current year by the Group (2014: impairment $112,000).

7. Trade and other receivables (continued)

	Consolidated	
	2015 $000	2014 $000
Movements in the provision for impairment loss were:		
Opening balance	1,315	1,335
Charge for the year	89	112
Amounts written off / reversed	(114)	(210)
Effect of movements in foreign exchange	(10)	78
	1,280	**1,315**

Receivables past due but not considered impaired are $61,000 (2014: $128,000). The Group has not provided for these as the amounts are still considered recoverable. The Group holds collateral over some of these balances – refer to the tables below.

The table below describes collateral and other credit enhancements held in relation to the trade receivables above:

	Consolidated	
	2015 $000	2014 $000
Description of collateral held:		
Bank guarantee	1,091	1,121
Cash deposits	207	139
	1,298	**1,260**

The table below describes collateral and other credit enhancements held in relation to past due and impaired trade receivables

	Consolidated	
	2015 $000	2014 $000
Bank guarantees		
Overdue	22	89
Impaired	-	9
	22	**98**

The Group has not renegotiated the credit terms in respect of any receivables.

The table below shows tenants (or former tenants) who represent greater than 5% of the total gross trade receivables balance at year end.

	Consolidated			
	2015		2014	
Tenant	$000	%	$000	%
Manhattan Shopping Centre – Agencja Jar	315	23	317	22
Manhattan Shopping Centre – Vistula & Wólczanka	173	13	174	12
Manhattan Shopping Centre – Contel	106	8	106	7
Manhattan Shopping Centre – Welkom	105	8	112	8
Manhattan Shopping Centre – Private Member	99	7	100	7

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 17.

8. Disposal group / assets classified as held for sale

	Consolidated	
	2015 $'000	**2014 $'000**
Assets classified as held for sale		
Investment property (note 9)	-	37,197
	-	**37,197**

Description of disposal group / assets held for sale

The Asset held for sale as at 30 June 2014 relates to the investment property Manhattan Shopping Centre, located in Poland. As at 30 June 2015 the investment property has been classified within disposal group classified as held for sale (see below).

As at 30 June 2015 a sale of the shares of APN Property Holdings (No.12) B.v. ("APN 12"), the sole shareholder of the asset-owning entity, Sirius Investments sp z o.o. ("Sirius") had been agreed. As a result, APN 12 and Sirius qualify as a disposal group held for sale ("APN 12 disposal group") and the assets and liabilities associated with this disposal group are disclosed separately in the consolidated statement of financial position. The sale of the shares in APN 12 was finalised on 27 July 2015 (refer to note 20).

Carrying amounts of assets and liabilities of disposal groups

The carrying amounts of assets and liabilities at the point of sale or liquidation

	APN 12 disposal group $'000's
Cash (note 6)	483
Investment property (note 9)	35,786
Trade and other receivables (note 7)	188
Total assets	**36,457**
Trade and other payables (note 10)	(568)
Interest bearing liabilities (note 11)	(46,803)
Total liabilities	**(47,371)**
Net assets	**(10,914)**

9. Investment property

	Consolidated	
	2015 $000	**2014 $000**
Carrying amount at the beginning of the year	37,197	35,155
Additions	999	-
Change in carrying value of investment property	(2,439)	-
Currency translation difference	29	2,042
Classified as disposal group / asset held for sale (see note 8)	(35,786)	(37,197)
	-	**-**

Valuation Basis

The fair value of the investment property as at 30 June 2015 has been estimated based on offers received from third parties during previous financial years. The offers received were in line with the fair value as determined at 30 June 2013, which was prepared by an independent valuer based on a restricted marketing period.

The above fair value measurement technique used for investment property is classified as a Level 3 fair value hierarchy measurement based on the lowest level input that is significant to the fair value measurement as Level 3 . This is in accordance with the fair value hierarchy.

There have been no transfers between levels during the year.

9. Investment property (continued)

The current use equates to the highest and best use.

The investment property has been pledged as security for secured bank loans (refer Note 11).

Sensitivity information

The significant input into the valuation of the investment property at 30 June 2015 is the value of third party offers received. Therefore, the valuation would increase/decrease with an increase/decrease in the value of the third party offer.

Leases as lessor

The consolidated entity leases out its investment property under operating leases to third parties. Each lease contains an initial non-cancellable period, with subsequent renewals being negotiated with the lessee. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated	
	2015 $000	**2014 $000**
Less than one year	302	330
Between one and five years	8,686	4,252
More than five years	5,152	12,605
	14,140	**17,187**

During the year ended 30 June 2015, the consolidated statement of profit or loss and other comprehensive income included rental income amounting to $6,044,000 (2014: $7,515,000) and property expenses totalling $2,752,000 (2014: $3,530,000) in respect to investment property.

10. Trade and other payables

	Consolidated	
	2015 $000	**2014 $000**
Trade and other creditors	311	588
Accruals	288	311
Accrued interest payable – external	42	117
Amounts payable to related parties	6,459	405
	7,100	**1,421**

Trade and other payables are classified in the consolidated statement of financial position as follows:		
Amounts disclosed as trade and other payables	6,532	1,421
Amounts disclosed within disposal group held for sale (note 8)	568	-
	7,100	**1,421**

Fair value

Due to the short term nature of these payables, their carrying value approximates their fair value.

Related party payables

The above related party balances are repayable on demand.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 17.

11. Interest-bearing liabilities

	Consolidated 2015 $000	Consolidated 2014 $000
Unsecured bank loans	-	3,345
Secured bank loans	46,803	47,778
Loans from related parties	-	10,450
	46,803	**61,573**

	2015 $000	2014 $000
Interest-bearing liabilities are classified in the consolidated statement of financial position as follows:		
Interest-bearing liabilities	-	61,573
Liabilities directly associated with disposal groups held for sale (note 8)	46,803	-
	46,803	**61,573**

The secured bank loan is fully drawn down and secured by registered first mortgage over the Group's investment property.

The secured bank loan of $46,803,000 (€32,299,000) expired in October 2014. The lending bank agreed to provide rolling standstill agreements until a deal for the sale of the asset could be agreed.

The unsecured bank loan of $3,345,000 (€2,311,000) in the prior financial year represented the liability arising on the termination by Deutsche Bank of the currency hedges. During the current financial year Deutsche Bank agreed to accept €100,000 in full settlement of the liability as it was subordinated to the Senior Debt. The remainder of the loan balance was waived by Deutsche Bank.

Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 17.

12. Contributed equity and reserves

(i) Contributed equity

	Consolidated 2015 Securities	Consolidated 2014 Securities
Securities on issue		
On issue at beginning and end of the year	**37,900,000**	**37,900,000**

Each security of $1.00 represents a right to an individual unit in the Fund per the Constitution.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13. Remuneration of auditors

The auditor of APN Poland Retail Fund during the period was Deloitte Touche Tomatsu and its associated firms. The amounts paid to the auditors are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Auditor of the Fund		
Auditing or reviewing the financial report	54,964	30,214
Other non-audit services*	102,916	11,793
	157,880	**42,007**
Affiliated firms		
Auditing or reviewing the financial report	32,223	31,089
Other non-audit services*	11,391	39,286
	43,614	**70,375**
	201,494	**112,382**

*Other non-audit services include tax, audit of compliance plan and other approved advisory services.

14. Parent entity disclosure

Financial position as at 30 June 2015

	2015 $'000	2014 $'000
Assets		
Current assets	13	37
Non-current assets	2,309	-
Total assets	**2,322**	**37**
Liabilities		
Current liabilities	2,309	3,067
Total liabilities	**2,309**	**3,067**
Equity		
Issued capital	36,585	36,585
Accumulated losses	(36,572)	(39,615)
Total equity / (deficiency)	**13**	**(3,030)**

Financial performance for the year ended 30 June 2015

	2015 $'000	2014 $'000
Profit / (loss) for the year	3,043	(188)
Other comprehensive income	-	-
Total comprehensive income / (loss)	**3,043**	**(188)**

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

There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

15. Related party disclosures

The Responsible Entity of APN Poland Retail Fund is APN Funds Management Limited (ACN 080 674 479) whose immediate and ultimate parent entity is APN Property Group Limited (ACN 109 846 068). Accordingly transactions with entities related to the APN Property Group are disclosed below.

APN Management (No.2) Limited, a company incorporated in the Isle of Man, is the Asset Manager. In accordance with the asset management agreement, the Asset Manager is entitled to:

- A base management fee that is calculated based on the Gross Asset Value of the Fund;
- An acquisition fee based on the purchase price of the Property; and
- A debt arrangement fee based on the amount of third party debt arranged for the Fund.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions entered into are as follows:

	Consolidated	
	2015 $'000	2014 $'000
Base management fees	168	162
Reimbursable expenses and other costs	128	-
The balances outstanding as at 30 June are as follows:		
Amounts payable	8	405

Key management personnel (KMP)

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and personnel of this entity are considered the KMP of the Fund.

15. Related party disclosures (continued)

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 Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel in respect of services rendered to the Fund itself.

Holdings of securities by related parties

	Number of Securities Held	
	2015	**2014**
Responsible entity and its associates		
APN Unlisted Property Fund	3,000,000	3,000,000
APN Property Group Limited	999,900	999,900
APN Euro Property Fund	12,437,900	12,437,900

Related party investments held by the Fund
During or since the end of the financial year, none of the KMP held securities in the Fund, either directly, indirectly, or beneficially.

Directors' loans
No loans were made by the Fund to the KMP and / or their related parties.

Other related party transactions
As at 30 June 2015, the following balances are payable by the Group to its other related parties:
- A loan payable of $6,451,000 (2014: $10,450,000) to the APN European Retail Property Group. Since January 2013, this loan became a non-interest bearing loan and is repayable on demand. During the year APN European Retail Property Group waived $4,122,000 of the loan balance. The remainder of the loan payable will be waived in the next financial year prior to the wind-up of the Fund.
- Payable balance to APN Property Group of $8,000 (2014: $nil).
- During the year APN Funds Management Limited waived an amount of $357,000 due from Sirius Investments Sp z o.o.

16. Notes to the consolidated statement of cash flows

(a) Reconciliation of cash and cash equivalents

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

	Consolidated	
	2015 $'000	**2014 $'000**
Total cash and cash equivalents	**639**	**1,491**

(b) Reconciliation of profit for the year to net cash provided by operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Net profit	**6,372**	**3,836**
Depreciation of property & equipment	-	2
Net loss on revaluation of property investments	2,439	-
Interest received	(6)	(12)
Finance costs	1,045	1,201
Net unrealised foreign exchange loss / (gain)	552	(1,891)
Impairment of trade receivables	89	112
Reversal of impairment of trade receivables	(114)	-
Waiver of loan payable balances	(7,777)	-
Write-off of property, plant and equipment	11	-
Changes in net assets and liabilities:		
Decrease / (increase) in trade and other receivables	145	(101)
Decrease in trade and other payables	(416)	(132)
Net cash provided by operating activities	**2,340**	**3,015**

(c) Non-cash financing and investing activities

During the year no non-cash financing or investing activities occurred.

17. Financial risk management objectives and policies

(i) Capital risk management

From 30 June 2009 the financial statements have been prepared on a wind-up basis, as the Group is not considered a going concern. On 27 July 2015 the Group disposed sold the asset-owning entity, resulting in the disposal of the senior debt facility with the lending bank. The remaining cash in the Group will be used to settle liabilities and fund a solvent wind-up of the Group.

(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 above and the market in which it invests. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Group manages its exposure to key financial risks according to its financial risk management policy. The objective of the policy is to support the delivery of financial targets.

The Group historically utilised a variety of derivative and non-derivative financial instruments, as dictated by its investment strategy and risk management objectives, to minimise potential adverse effects on the financial performance of the Group. Compliance with strategy and objectives is reviewed by the Responsible Entity on a continuous basis. The Group does not enter into derivative financial instruments for speculative purposes.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest and exchange rates.

The Group only deals with creditworthy counterparties and these assessments are regularly reviewed along with ageing analyses for receivable counterparties to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Group are discussed below.

(iii) Market risk

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

These are both discussed in more detail under sections *(a) Currency risk* and *(b) Interest rate risk*. During 2009, the Group, in conjunction with the requirements of its derivative financial instrument providers, restructured its currency hedging arrangements to cancel out of the money currency hedges and convert the balance to an interest bearing loan. The restructuring of the currency hedges was initiated to:

- remove income hedging contracts which are unlikely to be utilised for the repatriation of profits into Australian dollars in the foreseeable future; and
- reduce the overall exposure of the Group to fluctuating mark to market values from its hedge book and provide greater certainty over the amount of the Group's liabilities.

The Group's current financial position has placed restrictions on its ability to use financial instruments to respond to changing market risks. During the financial year the Group settled the closed out currency hedges with Deutsche Bank.

17. Financial risk management objectives and policies (continued)

(a) Currency risk

The Group's retail asset is located in Poland and, as a result, most of the income, expenses, assets and borrowings are denominated in Euro or Polish Zloty. The income is ultimately distributed in Australian dollars and consequently the Group is exposed to the risks of fluctuations in the Australian dollar against the Euro and Euro against the Zloty.

The Group manages its and security holders' exposure to currency risk in relation to assets, borrowings and distributions principally by utilisation of a natural hedge within the Group to the extent that the property and related borrowings are denominated in the same currency, however the Group has net liabilities and is unable to make distributions at this time.

Current financial circumstances limit the Group's ability to enter foreign exchange contracts.

Where these relationships do not exist, fluctuations in the Australian dollar / Euro and Euro / Zloty exchange rates may have an adverse effect on the consolidated entity's consolidated statement of profit or loss and other comprehensive income.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the Australian Dollar against the Euro and the Euro against the Polish Zloty. 5% (2014: 5%) 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. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the year-end for a 5% appreciation in the Australian dollar against the currencies.

A positive number indicates a loss before income tax expense and equity attributable to security holders where the Australian dollar appreciates against the Euro and the Euro against the Polish Zloty. For a devaluation of the Australian dollar against the Euro and the Euro against the Polish Zloty there would be an equal and opposite impact on the loss before income tax expense and the amounts below would be negative.

	Consolidated			
	2015		2014	
	Euro impact $000	Zloty impact $000	Euro impact $000	Zloty impact $000
(Profit) / loss before income tax expense	(317)	2,338	2,595	7,457
Equity attributable to security holders	-	-	1,415	-

17. Financial risk management objectives and policies (continued)

(b) Interest rate risk

The Group is exposed to interest rate movements on floating rate debt obligations. Predominantly the Group's exposure is to European interest rates. However, there is also some exposure to Australian interest rates on variable rate cash balances.

Consolidated – 2015	Variable Interest Rate $000	Fixed Interest Rate Maturity: Less than 1 Year $000	1 to 5 Years $000	More than 5 years $000	Non-interest Bearing $000	Total $000
Financial assets						
Cash & cash equivalents	639	-	-	-	-	**639**
Trade and other receivables	-	-	-	-	194	**194**
	639	**-**	**-**	**-**	**194**	**833**
Financial Liabilities[1]						
Interest-bearing liabilities	46,803	-	-	-	-	**46,803**
Payables	7,100	-	-	-	-	**7,100**
	53,903	**-**	-	**-**	**-**	**53,903**

Consolidated – 2014	Variable Interest Rate $000	Fixed Interest Rate Maturity: Less than 1 Year $000	1 to 5 Years $000	More than 5 years $000	Non-interest Bearing $000	Total $000
Financial assets						
Cash & cash equivalents	1,491	-	-	-	-	**1,491**
Trade and other receivables	-	-	-	-	300	**300**
	1,491	**-**	**-**	**-**	**300**	**1,791**
Financial Liabilities[1]						
Interest-bearing liabilities	51,123	-	-	-	-	**51,123**
Payables	405	-	-	-	11,466	**11,871**
	51,528	**-**	-	**-**	**11,466**	**62,994**

Interest rate sensitivity analysis

The Group constantly manages 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. While there has been no material change to this policy from the previous period, the Group's current financial position has placed restrictions on its ability to use financial instruments to respond to changing interest rate risks. The interest rate swap expired in a previous financial year and was not renewed.

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 (2014: 1%) and 0.5% decrease (2014: 0.5%) 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 and 1 year BBSW.

The following table illustrates the effect on loss before income tax expense and equity attributable to security holders if interest rates had been increased 1% or decreased 0.5% and all other variables were held constant.

	+1% (100 basis pts)		-0.5% (50 basis pts)	
	Consolidated		Consolidated	
	2015 $000	2014 $000	2015 $000	2014 $000
(Loss) / income before income tax expense	(462)	(500)	231	250

The movement in equity attributable to security holders is $Nil (2014: $Nil) as the Group does not have any designated cash flow hedges where the increase/decrease in the fair value would be reflected in equity attributable to security holders.

[1] Excludes equity attributable to security holders

17. Financial risk management objectives and policies (continued)

(iv) Credit risk
Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. 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 securitize its trade and other receivables. Collateral is held in some cases. Refer to Note 7 for details of the collateral held.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and provide collateral before terms are granted. The collateral can be a bank guarantee or cash deposit.

The exposure to credit risk in respect to trade and other receivables is minimised by diverse number of tenants. There are five tenants who have greater than 5% of the trade receivable balance at balance date. Refer to Note 7 for details.

(v) Liquidity risk
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 securities, 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 and access to other banking facilities. Management also uses instruments that are tradeable in highly liquid markets.

As the Group is not considered a going concern (refer Note 2(c)), the capacity to manage the Group's liquidity risk has been restricted. The Group had previously breached its Senior Debt covenants but was granted a loan extension to October 2014, after which time the bank agreed to provide quarterly standstill agreements until a sale of the asset was complete. The Group had also breached its hedging financial covenants, which would permit the financier to terminate the facility and demand immediate repayment. The hedge provider was subordinated to the Senior Debt and thus accepted a payment of €100,000 in full settlement of the closed out currency hedges. The final quarterly standstill agreement expired on 27 July 2015, at which date the asset-owning entity, and thus the senior debt liability, was disposed of.

The tables below detail the potential maturities of financial liabilities of the Group. 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 represents the consolidated and parent entities exposure to liquidity risk.

	Consolidated					
	Carrying Amount $000	Less than 3 months $000	3 - 12 months $000	1 - 5 years $000	Over 5 years $000	Total $000
30 June 2015						
Trade & other payables	7,100	7,100	-	-	-	7,100
Interest-bearing loans & borrowings	46,803	46,803	-	-	-	46,803
	53,903	**53,903**	**-**	**-**	**-**	**53,903**

	Consolidated					
	Carrying Amount $000	Less than 3 months $000	3 - 12 months $000	1 - 5 years $000	Over 5 years $000	Total $000
30 June 2014						
Trade & other payables	11,871	1,421	10,450	-	-	11,871
Interest-bearing loans & borrowings	51,123	-	-	51,123	-	51,123
	62,994	**1,421**	**10,450**	**51,123**	**-**	**62,994**

(vi) Fair value measurements
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. There are no assets or liabilities that require disclosure in the fair value measurement hierarchy in the current or prior year.

18. Consolidated entities

	Country of incorporation	Ownership interest and voting rights	
		2015	2014
Parent Trust			
APN Poland Retail Fund	Australia		
Controlled entities			
APN Manhattan Sub-Trust	Australia	100%	100%
APN Property Holdings (No. 12) BV	Netherlands	100%	100%
Sirius Investments SP Z.o.o.	Poland	100%	100%

19. Contingent assets and liabilities

The Asset Manager has elected to accept a lower base management fee than it was entitled to in accordance with the undertakings made in the product disclosure document. The difference between the base management fee charged and the amount entitled to be charged of $563,000 (2014: $536,000) may be payable at a later date.

20. Subsequent events

On 27 July 2015 APN Manhattan Sub-Trust sold its shareholdings in APN Property Holdings (No.12) B.v., the sole shareholder of the asset-owning entity Sirius Investments Sp z o.o., for €25,000. Due to the net liability position of the APN Property Holdings (No.12) B.v. group, the consolidated group will recognise a profit of $12,051,000 on the sale in the financial year ending 30 June 2016.

Following completion of the sale of the Manhattan Shopping Centre, all assets and liabilities will be settled and the remaining entities in the Group and the Fund will be terminated in the coming months.

21. Additional information

APN Funds Management Limited, a public company incorporated and operating in Australia, is the Responsible Entity of APN Poland Retail Fund.

Principal Registered Office
Level 30
101 Collins Street
MELBOURNE VIC 3000
Tel: (03) 8656 1000

Principal Place of Business
Level 30
101 Collins Street
MELBOURNE VIC 3000
Tel: (03) 8656 1000

Directors' declaration

The directors of the Responsible Entity declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the Fund and Group will be able to pay their debts as and when they become due and payable on the basis that the loan payable to the bank has been extinguished on sale of the asset-owning entity in July 2015; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund, and are prepared on a basis of accounting as set out in Note 2(c).

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295 (5) of the Corporations Act 2001.

Geoff Brunsdon
Chairman

MELBOURNE, 22 September 2015