APN European Retail Property Group

Consolidated financial report for the
half-year ended 31 December 2015

(Prepared under a wind up basis of accounting)

Contents

Directors' report

The directors of APN Funds Management Limited ('Responsible Entity'), the responsible entity of APN European Retail Property Group and its controlled entities ('the Group'), present their report together with the financial report of the Group, for the half-year ended 31 December 2015.

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.

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.

The directors of APN Funds Management Limited during or since the end of the half-year period are:

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

Review of operations and basis of preparation

The Group reported a profit under Australian International Financial Reporting Standards ("AIFRS") for the half-year of $2.6m compared to a loss of $29.3m for the half year ended 31 December 2014.

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 have been extended to 31 December 2016. 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.

As the Directors have concluded that the Group and the Trust are no longer going concerns, the condensed consolidated financial statements for the half-year ended 31 December 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 assumptions, judgements and estimates will be evaluated and reviewed regularly and any changes will be made accordingly. The accounting policies and method of computation adopted in the comparative financial report are on a wind-up basis of accounting.

Distributions

As all remaining cash is pledged to RBS, it will not be possible for any further distributions to be made.

Directors' report (continued)

Subsequent events

There have been no transactions or events of a material and unusual nature in the interval between the end of the financial period and the date of this report which, in the opinion of the Responsible Entity, affects significantly the operations of the Group, the results of those operations and the state of affairs of the Group.

Rounding off of Amounts

The Group is of a kind referred to in ASIC Class Order 98/0100, 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 directors' report and the consolidated half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 and forms part of the directors' report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.306 (3) of the *Corporations Act 2001*.

Geoff Brunsdon
Chairman
Melbourne, 7 March 2016

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Security Holders of APN European Retail Property Group

We have reviewed the accompanying half-year financial report of APN European Retail Property Group ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the Directors' declaration of the group and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 17.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the group are responsible for the preparation of the half-year 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(a) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Auditor's Independence Declaration

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Solvency and Valuation of Assets and Liabilities

Without modifying our conclusion, we draw attention to Note 2(a) and the Directors' Declaration in the financial report which indicates 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 further extension of the Working Capital Facility and consequently the Omnibus Deed or for a more permanent solution to be agreed.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants

Melbourne, 7 March 2016

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

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

7 March 2016

Dear Board Members

INDEPENDENCE DECLARATION – 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 Limited, the Responsible Entity, regarding the half year financial report for APN European Retail Property Group

As lead audit partner for the review of the financial statements of APN European Retail Property Group for the half-year ended 31 December 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 review; and

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

	Note	Wind up basis 31 December 2015	Wind up basis 31 December 2014
		$'000	**$'000**
Revenue from discontinued operations			
Interest income		108	10
Other income		322	2,731
		430	**2,741**
Expenses			
Property expenses		-	(1)
Other operating expenses		(299)	(1,866)
Foreign exchange losses		(1,747)	(1,380)
Loss on liquidation of Group entities	6	-	(27,745)
Finance expenses		(8)	(1,073)
		(2,054)	**(32,065)**
Loss for the half year before income tax benefit		**(1,624)**	**(29,324)**
Income tax benefit		4,220	-
Profit / (loss) for the half-year		**2,596**	**(29,324)**
Other comprehensive income			
Exchange difference on translation of foreign operations		351	(816)
Reversal of Foreign Currency Translation Reserve following sale and liquidations during the six months period		-	27,745
Other comprehensive income for the half year		351	26,929
Total comprehensive income / (loss) for the period		**2,947**	**(2,395)**

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

Condensed consolidated statement of financial position
As at 31 December 2015

	Note	Wind up basis 31 December 2015	Wind up basis 30 June 2015
		$'000	**$'000**
Assets			
Cash and cash equivalents		11,861	11,776
Trade and other receivables		595	524
Total current assets		12,456	12,300
Total assets		**12,456**	**12,300**
Liabilities			
Trade and other payables		114	118
Provisions		1,982	3,777
Interest-bearing liabilities	*3*	2,544	2,544
Current tax liabilities		7	2,456
Other financial liabilities	*4*	48,720	47,263
Total current liabilities		53,367	56,158
Total liabilities		**53,367**	**56,158**
Net liabilities		**(40,911)**	**(43,858)**
Contributed equity		552,048	552,048
Foreign currency translation reserve		7,700	7,349
Accumulated losses		(600,659)	(603,255)
Total equity		**(40,911)**	**(43,858)**

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

Condensed consolidated statement of changes in equity For the half-year ended 31 December 2015

	Contributed Equity	Foreign currency translation reserve	Other reserve	Retained losses	Total
	$'000	$'000	$'000	$'000	$'000
Total equity as at 1 July 2014	**552,048**	**(19,775)**	**-**	**(573,569)**	**(41,296)**
Loss for the period	-	-	-	(29,324)	(29,324)
Effect of movement in foreign exchange	-	(816)	-	-	(816)
Reversal of FCTR following disposals	-	27,745	-	-	27,745
Total comprehensive loss for the period	**-**	**26,929**	**-**	**(29,324)**	**(2,395)**
Total equity as at 31 December 2014	**552,048**	**7,154**	**-**	**(602,893)**	**(43,691)**
Balance at 1 July 2015	**552,048**	**7,349**	**-**	**(603,255)**	**(43,858)**
Profit for the period	-	-	-	2,596	2,596
Effect of movement in foreign exchange	-	351	-	-	351
Total comprehensive loss for the period	**-**	**351**	**-**	**2,596**	**2,947**
Total equity as at 31 December 2015	**552,048**	**7,700**	**-**	**(600,659)**	**(40,911)**

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

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2015

	Note	Wind up basis 31 December 2015	Wind up basis 31 December 2014
		$'000	$'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(363)	(491)
Other income		129	-
Taxes paid		(259)	(2)
Net cash flows used in operating activities		(493)	(493)
Cash flows from financing activities			
Repayment of borrowings	*7*	-	(4,998)
Proceeds from intercompany loans repaid		111	-
Finance costs paid		(8)	-
Interest received		108	10
Net cash flows generated by / (used in) financing activities		211	(4,988)
Net decrease in cash and cash equivalents		(282)	(5,481)
Cash and cash equivalents at the beginning of the half year		11,776	13,412
Effect of foreign exchange rate fluctuations on cash held		367	169
Cash and cash equivalents as at 31 December		11,861	8,100
Cash and cash equivalents disclosed as:			
Cash and cash equivalents		11,861	8,100

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

1. Significant accounting policies

(a) Statement of compliance

The consolidated half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 '*Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting'* as it applies to an entity that is not a going concern.

The consolidated half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015.

The financial report was authorised for issue by the directors of the Responsible Entity on 7 March 2016.

2. Basis of preparation

(a) 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 31 December 2016. 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 the Group.

As the Directors have concluded that the Group and the Trust are no longer going concerns, the consolidated financial statements for the half year ended 31 December 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 2015.

(b) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Fund include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Group's disclosures or the amounts recognised in its half-year financial statements.

At the date of authorisation of the financial statements, 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	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
▪ AASB 9 'Financial Instruments'	1 January 2018	31 December 2018
• AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2018	31 December 2018
▪ AASB 2014-1 'Amendments to Australian Accounting Standards [Part E – Financial Instruments]'	1 January 2018	31 December 2018
▪ AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'	1 January 2018	31 December 2018
▪ AASB 15 'Revenue from Contracts with Customers'	1 January 2018	31 December 2018
▪ AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 December 2018
▪ AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
▪ AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
▪ AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

(c) 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.

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.

3. Interest bearing liabilities

	Wind up basis 31 December 2015 $'000	Wind up basis 30 June 2015 $'000
Current – at amortised cost		
Loans from related parties, unsecured	2,544	2,544
	2,544	**2,544**

4. Other financial liabilities

	Wind up basis 31 December 2015 $'000	Wind up basis 30 June 2015 $'000
Forward exchange contracts – all closed out	17,970	17,426
Other financial liabilities	1,387	1,363
Bank loans	29,363	28,474
	48,720	**47,263**

Royal Bank of Scotland hedging facilities € 12,026,000 equivalent to $17,970,000 (30 June 2015: €12,026,000, equivalent to $17,426,000).

At 31 December 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 within one year.

RBS has waived the outstanding Cuadernillos and Es Mirall senior debt. However, 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 year) and Es Mirall Developments S.A. to be returned to RBS. As at 31 December 2015 a liability of $1,387,000 has therefore been recognised to reflect this agreement (30 June 2015: $1,363,000).

5. Contributed equity attributable to security holders of the parent entity

	Wind up basis 31 December 2015 Securities	Wind up basis 30 June 2015 Securities
Securities on issue		
On issue at beginning and end of the period	5,449,107	5,449,107

The security holders of the Group are entitled to receive distributions as declared from time to time in accordance 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. The security holders are entitled to one vote per security at meetings of the Group.

6. Liquidation of subsidiaries

As at 31 December 2015, the Fund was in the process of actively winding up the remaining entities, as listed in note 10.

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 Q4 FY16.

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. 31 December 2014 $'000's	APN PH3 B.V 31 December 2014 $'000's	APN UK Ltd 31 December 2014 $'000's	Total
Liquidation received / receivable	4	81	133	218
Liquidation costs	6	24	-	30
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**

7. Repayment of borrowings

During the half-year $nil was repaid to RBS (2014: €3.5m or $5.0m) as senior lender.

8. Contingencies

There are no commitments and contingencies in effect at 31 December 2015 (30 June 2015: Nil).

9. Related party transactions

The Group has a related party relationship with its controlled entities (refer note 10), APN Funds Management Limited (the 'Responsible Entity'), the directors of APN Funds Management Limited and APN European Management Limited (the 'Asset Manager').

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	Closing balance
31 Dec 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
30 June 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

9. Related party transactions (continued)

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.

Director	Fully paid units Balance at the beginning and end of the period
31 Dec 2015	
Howard Brenchley	2,437
30 June 2015	
Howard Brenchley	2,437

Other related party transactions
The Group has a loan payable to APN Funds Management Limited of $2,544,000 (30 June 2015: $2,544,000).

During the half-year the Group received $111,000 repayment of a loan due from APN Manhattan Sub-Trust. APN Manhattan Sub-Trust was subsequently liquidated and the remainder of the loan (which was fully provided for by the Group) was written-off.

10. Consolidated entities

Name of Entity	Note	Country of Incorporation	Ownership interest and voting rights %	
Parent Entity			**31 December 2015**	**30 June 2015**
APN European Retail Property Holding Trust	*(a)*			
Controlled Entities				
APN Traisenpark Sub Trust		Australia	100	100
APN Property Holdings (No.15) BV		Netherlands	100	100
APN Property Holdings (No.1) Sarl		Luxembourg	100	100
Es Mirall Developments SA		Spain	100	100
IFB Verwaltungs GmbH		Germany	100	100

(a) APN European Retail Property Holding Trust is the parent entity of the APN European Retail Property Group.

11. Subsequent events

There have been no transactions or events of a material and unusual nature in the interval between the end of the financial year and the date of this report which, in the opinion of the Responsible Entity, affects significantly the operations of the Group, the results of those operations and the state of affairs of the Group, other than as disclosed elsewhere in the financial report.

Directors' declaration

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

- The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
    - giving a true and fair view of the financial position of the Group as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial half year ended on that date and are prepared on a wind-up basis of accounting as set out in note 2(a); and
    - complying with Australian Accounting Standards and the Corporations Regulations 2001 and International Financial Reporting Standards, as stated in note 1(a) to the financial statements; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors note that the ability for 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 further extension by the bank of the Working Capital Facility and consequently the Omnibus Deed or for a more permanent solution to be agreed. If the extension or a more permanent alternative is received, 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, is also required.

Signed in accordance with a resolution of the Directors made pursuant to s303 (5) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, APN Funds Management Limited.

Geoff Brunsdon
Chairman
Melbourne, 7 March 2016