APN | Unlisted Property Fund

ARSN 156 183 872

and its Controlled Fund

Annual Report for the Financial Year

Ended 30 June 2016

Directors' report

The directors of APN Funds Management Limited (ACN 080 674 479) ("the Responsible Entity") submit herewith the annual financial report of APN Unlisted Property Fund ("the Fund") and its controlled fund (together "the Consolidated Fund") for the year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the Responsible Entity during and since the end of the financial year are:

Name

Geoff Brunsdon (Chairman and Independent Non-Executive Director)
Howard Brenchley (Non-Executive Director)
Michael Johnstone (Independent Non-Executive Director)
Jennifer Horrigan (Independent Non-Executive Director)
Michael Groth (Chief Financial Officer and Alternate Director for Howard Brenchley)

Wind up of the Consolidated Fund

The Consolidated Fund has to achieve an orderly realisation of its assets by July 2017, in accordance with its undertaking to investors in its product disclosure statement. It is the intention of management to complete this wind up earlier than July 2017 if possible.

Principal activities

The Consolidated Fund is a registered managed investment fund domiciled in Australia. The principal activity of the Consolidated Fund is to manage and realise the assets of the Consolidated Fund and to return proceeds to unitholders.

The Consolidated Fund did not have any employees during the financial year.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the Consolidated Fund.

Future developments

The Consolidated Fund will continue to pursue its policy of increasing returns through active investment management. However as noted above the Consolidated Fund has to achieve an orderly realisation of its assets by July 2017 and thus will be wound up on or before this date.

Review of operations of the Consolidated Fund

Upon completion of the sale of the Consolidated Fund's investments, the Consolidated Fund will be wound up. As such it can no longer be considered a going concern. The following financial report for the year ended 30 June 2016 has been prepared in accordance with the wind up basis of accounting. Under the wind up basis of accounting, assets are stated at their net realisable values and liabilities are stated at their anticipated settlement amounts. For full details of the basis of preparation of the financial report, refer to note 1 of the financial statements.

Results

The results of the operations of the Consolidated Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of these financial statements. The consolidated profit attributable to unitholders for the year ended 30 June 2016 was $7,703,000 (2015: $8,223,000).

Distributions

In respect of the financial year ended 30 June 2016 a final distribution of 2.432 cents per unit was paid to the unitholders on 11 July 2016 (2015: 1.000 cent per unit). The total distributions paid to unitholders in respect to the year ended 30 June 2016 was 10.032 cents per unit (2015: 18.950 cents per unit).

For full details of distributions paid and payable during the year, refer to note 5 to the financial statements.

Auditor's independence declaration

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

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Fund, the results of the Consolidated Fund, or the state of affairs of the Consolidated Fund in future financial years.

Fund information in the directors' report

Fees paid to the Responsible Entity out of Consolidated Fund property during the financial year are disclosed in note 8 to the financial statements.

The number of units in the Consolidated Fund held by the Responsible Entity and its associates as at the end of the financial year is disclosed in note 8 to the financial statements.

The number of interests in the Consolidated Fund issued during the financial year, withdrawals from the Consolidated Fund during the financial year, and the number of interests in the Consolidated Fund at the end of the financial year is disclosed in note 6 to the financial statements.

The value of the Consolidated Fund's assets as at the end of the financial year is disclosed in the Statement of Financial Position as "Total Assets" and the basis of valuation is included in note 1 to the financial statements.

Options granted

No options were:

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

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

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

Indemnification of officers of the responsible entity and auditors

APN Funds Management ('the Company') has agreed to indemnify the directors and officers of the Company and its related bodies corporate, 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 unlawful conduct. The Company will meet the full amount of any such liabilities, including costs and expenses. The Company may also indemnify any employee by resolution of the Directors. 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 Consolidated Fund or of any related body (corporate) against a liability incurred by the auditor.

Rounding off of amounts

The Consolidated Fund is a fund of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Geoff Brunsdon
Chairman
MELBOURNE, 21 September 2016

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

21 September 2016

Dear Board Members

Independence Declaration –APN Unlisted Property Fund and its Controlled 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 Limited, the Responsible Entity, regarding the annual financial report for APN Unlisted Property Fund and it Controlled Fund.

As lead audit partner for the audit of the financial statements of APN Unlisted Property Fund and its Controlled Fund for the financial year ended 30 June 2016, 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

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the Unitholders of APN Unlisted Property Fund and its Controlled Fund

We have audited the accompanying financial report of APN Unlisted Property Fund ("the Fund"), and its Controlled Funds (collectively "the Consolidated Fund"), which comprises the consolidated statement of financial position as at 30 June 2016, 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 Consolidated Fund, comprising the Fund and the funds it controlled at the year's end or from time to time during the financial year as set out on pages 7 to 26.

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 1 to the financial statements, 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the 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 the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of APN Unlisted Property Fund and its Controlled Fund is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Consolidated Fund's financial position as at 30 June 2016 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 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants

Melbourne, 21 September 2016

Directors' declaration

The directors of the Responsible Entity declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the Consolidated Fund will be able to pay its debts as and when they become due and payable;

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 the consolidated entity, and are prepared on a wind up basis of accounting as set out in Note 1.

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

On behalf of the Directors

Geoff Brunsdon
Chairman
MELBOURNE, 21 September 2016

Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2016

		Consolidated	
	Note	Wind up Basis 2016 $'000	Going concern Basis 2015 $'000
Income			
Distributions		12,650	12,740
Interest		111	143
Net loss from investments		(4,323)	(3,818)
Other income		104	153
Total income		**8,542**	**9,218**
Expenses			
Investment management fee		599	708
Registry fee		138	166
Other expenses		85	104
Auditor's remuneration	7	17	17
Total expenses		**839**	**995**
Profit attributable to unitholders		**7,703**	**8,223**
Finance costs attributable to unitholders			
Distributions to unitholders	5	(18,634)	(35,200)
Decrease in net assets attributable to unitholders	6	10,931	26,977
Net profit		**-**	**-**
Other comprehensive income		**-**	**-**
Other comprehensive income		-	-
Total comprehensive income attributable to unitholders		**-**	**-**

Notes to the financial statements are included on pages 12 to 26.

Statement of Financial Position
as at 30 June 2016

		Consolidated	
	Note	**Wind up basis 2016 $'000**	**Going concern basis 2015 $'000**
Assets			
Cash and cash equivalents		9,547	5,065
Distribution receivables		1,084	2,511
Other receivables	2	45	36
Listed equities and listed schemes	3	8,788	1,350
Unlisted equities and unlisted schemes	3	44,591	63,395
Total assets		**64,055**	**72,357**
Liabilities (excluding liabilities attributable to unitholders)			
Payables	4	188	206
Distribution payable	5	4,517	1,870
Total liabilities (excluding liabilities attributable to unitholders)		**4,705**	**2,076**
Net assets attributable to unitholders	6	**59,350**	**70,281**
Liabilities attributable to unitholders		**(59,350)**	**(70,281)**
Net assets		**-**	**-**

Notes to the financial statements are included on pages 12 to 26.

Statement of Changes In Equity
for the year ended 30 June 2016

	Consolidated	
	Equity attributable to unitholders $'000	Total $'000
Balance at 1 July 2014	-	-
Profit or loss for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**-**	**-**
Balance at 30 June 2015	**-**	**-**
Profit or loss for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**-**	**-**
Balance at 30 June 2016	**-**	**-**

Notes to the financial statements are included on pages 12 to 26.

Statement of Cash flows
for the financial year ended 30 June 2016

		Consolidated	
	Note	**Wind up basis 2016 Inflows/ (Outflows) $'000**	**Going concern basis 2015 Inflows/ (Outflows) $'000**
Cash flows from operating activities			
Distributions received		14,088	12,996
Interest received		100	133
Other receipts		-	55
Other expenses paid		(764)	75
Net cash provided by operating activities	9(b)	**13,424**	**13,259**
Cash flows from investing activities			
Proceeds from sale of securities		7,045	19,451
Net cash provided by investing activities		**7,045**	**19,451**
Cash flows from financing activities			
Distributions paid		(15,987)	(35,559)
Net cash used in financing activities		**(15,987)**	**(35,559)**
Net (decrease) / increase in cash and cash equivalents held		4,482	(2,849)
Cash and cash equivalents at beginning of the financial year		5,065	7,914
Cash and cash equivalents at end of the financial year	9(a)	**9,547**	**5,065**

Notes to the financial statements are included on pages 12 to 26.

Notes to Financial Statements

1. Summary of significant accounting policies

Statement of compliance & basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law as it applies to an entity that is not a going concern.

The financial statements were authorised for issue by the directors on 21 September 2016.

Upon completion of the sale of the Consolidated Fund's investments, the Consolidated Fund will be wound up. As such it can no longer be considered a going concern. The following financial report for the year ended 30 June 2016 has been prepared in accordance with the wind up basis of accounting. Under the wind up basis of accounting, assets are stated at their net realisable values and liabilities are stated at their anticipated settlement amounts. The Consolidated Fund's investments have been recorded at Managements estimate of net realisable value (determined as the latest publicly available Net Asset Value or any other relevant information source adjusted for Managements best estimate of likely selling costs), or their latest market price (where listed).

The valuation of assets and liabilities requires estimates and assumptions and therefore there are uncertainties inherent in carrying out a wind up. As a result, the actual realisation of assets and settlement of liabilities could be higher or lower than amounts indicated in this financial report. The assumptions, judgments and estimates used are based on current market conditions and information available as at balance date. These will be evaluated and reviewed regularly and any changes will be made accordingly.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. As at reporting date, the realisation value of the Consolidated Fund's assets and liabilities is their fair value as stated in this financial report except where noted below.

All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 under a wind up basis of accounting. The comparative information presented in these financial statements is on a going concern basis and consistent with that adopted and disclosed in the Consolidated Fund's 2015 annual financial report for the financial year ended 30 June 2015.

Adoption of new and revised accounting Standards and Interpretations

In the current year, the Consolidated Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Except where noted, the adoption of these Standards and Interpretations has not had a material impact on the financial statements. These include:

Standard	Explanation
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	The amendments to AASB 128 align the relief available in AASB 10 and AASB 128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities. The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Consolidated Fund's financial statements.

AASB Accounting Standards not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective. These are not expected to have any material impact on the Consolidated Fund's financial report in future reporting periods.

Standard	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 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' , AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	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', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
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 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Clarifications to IFRS 15 'Revenue from Contracts with Customers	1 January 2018	30 June 2019

Rounding off of amounts

The Consolidated Fund is a fund of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the year end financial report:

(a) Revenue

Distribution income is recognised on a receivable basis as of the date the security is quoted ex-distribution or is recognised on an entitlement basis.

Interest revenue is recognised as it accrues on a time proportionate basis taking into account the effective yield on the financial assets.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments or other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Investments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value.

The following methods are employed to determine the fair value of investments:
- Listed equities and investments in listed managed investment schemes are recorded at the quoted closing price on the relevant stock exchanges.
- Unlisted equities and managed investment schemes are recorded at Managements estimate of net realisable value (determined as the latest publicly available Net Asset Value or any other relevant information source adjusted for Managements best estimate of likely selling costs where appropriate).

Gains or losses arising from changes in the fair value of investments are included in the profit or loss in the period in which they arise. Those gains or losses exclude distribution income and interest revenue.

(d) Investment in associates

Investments in associates that are investments in unlisted unit trusts are measured at fair value through profit or loss. Gains or losses arising from changes in the fair value of investments in associates are included in the profit or loss in the period in which they arise. Those gains or losses exclude distribution income and interest revenue.

(e) Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment. Receivables may include amounts for dividends, interest, trust distributions and unsettled trades. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 1(a) above.

(f) Expenses

All expenses, including Responsible Entity fees and registry fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Distributions

In accordance with the Consolidated Fund's constitution, the Consolidated Fund fully distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by way of cash or reinvestment into the Consolidated Fund.

Distributions to unitholders comprise the income of the Consolidated Fund to which the unitholders are presently entitled. The distributions are payable half yearly.

(h) Applications and redemptions

Applications received for units in the Consolidated Fund are recorded net of any entry fees payable prior to the issue of units in the Consolidated Fund. Redemptions from the Consolidated Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application prices are determined as the net asset value of the Consolidated Fund adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application. The redemption prices are determined as the net asset value of the Consolidated Fund adjusted for the estimated transaction costs, divided by the number of units on issue on the closing date of the redemption.

(i) Debt and equity instruments

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

In accordance with AASB 132 unitholders funds are defined as "puttable instruments" and are therefore classified as a liability and disclosed as such in the statement of financial position, being referred to as "Net assets attributable to unitholders".

(j) Income tax

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

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

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

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Impairment of financial assets

Financial assets, other than those at fair value through the profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. Objective evidence of impairment can exist for example where there has been a significant or prolonged decline in the fair value below cost. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the 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 the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(m) Payables

Trade payables and other accounts payable are recognised when the Consolidated Fund becomes obliged to make future payments resulting from the purchase of goods and services. Payables include liabilities and accrued expenses owing by the Consolidated Fund which are unpaid as at balance date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Consolidated Fund's Constitution.

(n) Provisions

Provisions are recognised when the Consolidated Fund has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

An onerous contract is considered to exist where the Consolidated Fund 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.

(o) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Fund and entities controlled by the Fund. Control is achieved where the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. Receivables

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Goods and services tax recoverable	11	-
Expense recoveries	34	36
	45	**36**

3. Investments

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Managed investment schemes at fair value		
Listed equities and listed schemes	8,788	1,350
Unlisted equities and unlisted schemes	44,591	63,395
	53,379	**64,745**

4. Payables

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Accounts payable	179	198
Accrued expenses	9	8
	188	**206**

5. Distributions paid and payable

	2016		2015	
	Cents per unit	**$'000**	**Cents per unit**	**$'000**
Distributions paid during the year	7.600	14,117	17.950	33,330
Distribution payable	2.432	4,517	1.000	1,870
	10.032	**18,634**	**18.950**	**35,200**

6. Net assets attributable to unitholders

	Consolidated	
	2016 Units	**2015 Units**
Units on issue		
On issue at beginning of the year	185,749,460	185,749,460
Applications	-	-
Redemptions	-	-
Units issued upon reinvestment of distributions	-	-
On issue at period end	**185,749,460**	**185,749,460**

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Movements in net assets attributable to unitholders		
At beginning of the year	70,281	97,258
Unit applications	-	-
Unit redemptions	-	-
Units issued upon reinvestment of distributions	-	-
Net transfer from statement of comprehensive income	(10,931)	(26,977)
Net assets attributable to unitholders	**59,350**	**70,281**

Each unit represents a right to an individual share in the Consolidated Fund per the Constitution. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Consolidated Fund.

The Consolidated Fund was established to enable the unitholders of APN Property For Income Fund ("PFIF") and APN Property For Income Fund No.2 ("PFIF2") to withdraw from PFIF and PFIF2 and realise part of their investment. As part of the withdrawal process for investors in PFIF and PFIF2, units in the Consolidated Fund held by those funds will be transferred to withdrawing investors who will then become unitholders in the Consolidated Fund. Investors in the PFIF and the PFIF2 Funds could only become unitholders in the Consolidated Fund by accepting the Withdrawal Offer in respect of those funds. The Consolidated Fund did not otherwise accept new investment. The Consolidated Fund will not be issuing new units. The Consolidated Fund is also closed to redemptions.

7. Auditor's remuneration

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Auditor of the Consolidated Fund		
Auditing or reviewing the Financial Report	13,690	13,712
Other non-audit services*	3,260	3,260
	16,950	**16,972**

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

The auditor of the Consolidated Fund is Deloitte Touche Tohmatsu.

8. Related party disclosures

The Responsible Entity and Manager of the APN Unlisted Property 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 APN Property Group Limited are disclosed below.

Transactions with the Responsible Entity have taken place at arm's length and in the ordinary course of business.

Consolidated and Parent – Amounts as follows:

- Investment management fees of $599,000 of which $141,000 was payable at 30 June 2016 (2015: $708,000 of which $155,000 was payable at 30 June 2015).
- Registry fees of $138,000 of which $11,000 was payable at 30 June 2016 (2015: $166,000 of which $12,000 was payable at 30 June 2015).
- Accounting fees of $41,000 of which $10,000 was payable at 30 June 2016 (2015: $41,000 of which $10,000 was payable at 30 June 2015).
- Other expenses include reimbursement to the Responsible Entity of $18,000 (2015: $28,000) of costs incurred by the Responsible Entity on behalf of the Consolidated Fund.

Key management personnel

The Consolidated 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 Consolidated Fund.

The names of the key management personnel of the Responsible Entity during the financial year were:

- Geoff Brunsdon (Chairman and Independent Non-Executive Director)
- Howard Brenchley (Non-Executive Director)
- Michael Johnstone (Independent Non-Executive Director)
- Jennifer Horrigan (Independent Non-Executive Director)
- John Freemantle (Company Secretary)
- Michael Groth (Chief Financial Officer and Alternate Director for Howard Brenchley)

The positions noted above are the positions held within the Responsible Entity and not the Consolidated Fund itself.

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

Holdings of units by related parties

Related parties may purchase and sell units in the Consolidated Fund in accordance with their respective constitutions and product disclosure statements. Details of units held in the Consolidated Fund by related parties are set out below:

	Number of units held	Number of units held
	2016	**2015**
Responsible entity and its associates		
APN Property for Income Fund	50,232,144	50,232,144
APN Property for Income Fund No.2	18,774,854	18,774,854

Related party investments held by the Consolidated Fund

The Consolidated Fund may purchase and sell units in other approved funds managed by APN Funds Management Limited or its associates in the ordinary course of business. Details of the Consolidated Fund's investments in other funds operated by APN Funds Management Limited are set out below:

	Number of units held	Number of units held
	2016	**2015**
Investments in related parties held by the Consolidated Fund		
APN Property Plus Portfolio	4,335,530	4,946,900
APN Poland Retail Fund	-	3,000,000
APN Regional Property Fund	9,500,396	9,500,396
Industria REIT	-	729,929

During or since the end of the financial year, none of the Responsible Entity's key management personnel held units in the Consolidated Fund, either directly, indirectly, or beneficially.

Directors' loans

No loans were made by the Consolidated Fund to the Responsible Entity's key management personnel and / or their related parties.

9. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

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

	Consolidated	
	Wind up basis 2016 $'000	Going concern basis 2015 $'000
Cash and cash equivalents	9,547	5,065
Total cash and cash equivalents	**9,547**	**5,065**

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

	Consolidated	
	Wind up basis 2016 $'000	Going concern basis 2015 $'000
Net profit	**-**	**-**
Profit attributable to unitholders	7,703	8,223
Net profit attributable to unitholders	**7,703**	**8,223**
Net loss from investments	4,323	3,818
Changes in net assets:		
Decrease in income receivable	1,416	1,286
(Decrease) in creditors and accruals	(18)	(68)
Net cash provided by operating activities	**13,424**	**13,259**

(c) Non-cash financing and investing activities

During the year income no distributions were reinvested by unitholders for additional units in the Consolidated Fund (2015: nil).

10. Financial risk management

The Consolidated Fund undertakes transactions in a range of financial instruments including:

- cash and cash equivalents;
- receivables;
- investments in listed managed investment schemes;
- investments in unlisted managed investment schemes; and
- payables.

These activities expose the Consolidated Fund to a variety of financial risks including credit risk, liquidity risk and market risk which includes interest rate risk and other price risk.

The overall risk management program seeks to mitigate these risks and reduce volatility on the Consolidated Fund's financial performance. Financial risk management is carried out centrally by the Responsible Entity under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and the investment of excess liquidity.

(a) Financial risk management objectives

The Consolidated Fund has engaged APN Funds Management Limited ('Investment Manager') to provide services including coordinating access to domestic financial markets, and managing the financial risks relating to the operations of the Consolidated Fund in accordance with the Consolidated Fund's constitution and product disclosure statement. The Responsible Entity has determined that this appointment is appropriate for the Consolidated Fund and is in accordance with the Consolidated Fund's investment strategy.

The Consolidated Fund's overall risk management program focuses on ensuring compliance with the Consolidated Fund's product disclosure statement and seeks to maximise the returns derived for the level of risk to which the Consolidated Fund is exposed.

The Consolidated Fund was established to enable the unitholders of APN Property For Income Fund ("PFIF") and APN Property For Income Fund No.2 ("PFIF2") to withdraw from PFIF and PFIF2 and realise part of their investment. As part of the Withdrawal Offer (previously referred to as the 'permanent liquidity solution') the investments in unlisted property trusts held by PFIF and PFIF2 were transferred to the Consolidated Fund in consideration for units in the Consolidated Fund. The Consolidated Fund's primary investment objective is to achieve an orderly realisation of the Consolidated Fund's assets within 5 years of the Consolidated Fund's commencement, in order to provide investors with progressive liquidity. The secondary objective of the Consolidated Fund is to manage the existing investments to achieve consistent income combined with some capital growth.

The Consolidated Fund will not invest in derivatives or any new unlisted property trusts. In addition, as a condition of the relief obtained from the Australian Securities and Investments Commission (ASIC) relating to the APN PFIF and APN PFIF2 Withdrawal Offers, the Consolidated Fund is not permitted to invest additional capital into existing investments, except via reinvestment of distributions.

National Australia Bank Limited acts as master custodian on behalf of the Responsible Entity and, as such, provides services including physical custody and safekeeping of assets, settlement of trades and collection of dividends.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

(c) Capital risk management

The Responsible Entity's objective when managing capital is to safeguard the Consolidated Fund's ability to realise its assets in an orderly manner, so that it can continue to provide returns for unitholders in accordance with the Consolidated Funds investment strategy.

The capital structure of the Consolidated Fund consists of cash and cash equivalents and the proceeds from the issue of the units of the Consolidated Fund.

The Consolidated Fund was established to enable the unitholders of APN Property For Income Fund ("PFIF") and APN Property For Income Fund No.2 ("PFIF2") to withdraw from PFIF and PFIF2 and realise part of their investment. As part of the withdrawal process for investors in PFIF and PFIF2, units in the Consolidated Fund held by those funds will be transferred to withdrawing investors who will then become unitholders in the Consolidated Fund. Investors in the PFIF and the PFIF2 Funds could only become unitholders in the Consolidated Fund by accepting the Withdrawal Offer in respect of those funds. The Consolidated Fund did not otherwise accept new investment. The Consolidated Fund will not be issuing new units. The Consolidated Fund is also closed to redemptions. The Consolidated Fund is undergoing a wind up process through undertaking an orderly realisation of its assets. Besides this, the Consolidated Fund does not expect any other liquidity event.

(d) Categories of financial instruments

The Consolidated Fund has investments in the following categories of financial assets and liabilities:

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Financial assets designated at net realisable value	53,379	64,745
Loans & receivables	1,129	2,547
Financial liabilities measured at amortised cost	(4,705)	(2,076)

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Fund. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Credit risk control assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors. The Consolidated Fund has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the financial risk of financial loss from default. The Consolidated Fund's investment objective is to find high quality counterparties with a stable credit history. The Consolidated Fund measures credit risk on a fair value basis.

The maximum exposure to credit risk as at 30 June 2016 is the carrying amounts of financial assets recognised in the statement of financial position of the Consolidated Fund. The Consolidated Fund holds no collateral as security and the credit quality of all financial assets that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in the credit quality. The Consolidated Fund does not have any significant credit risk exposure to any single counterparty or counterparties having similar characteristics.

Broking relationships and cash transactions are limited to financial institutions that meet the Responsible Entity's minimum credit rating criteria or comply with Trade Management Procedure requirements. Credit risk arising on loans and receivable balances is monitored on an ongoing basis with the result that the exposure to bad debts by the Consolidated Fund is not significant. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Distribution receivables are non-interest bearing and are generally on 30-90 day terms. An impairment loss would be recognised when there is objective evidence that an individual receivable is impaired. As at 30 June 2016 no receivables were impaired nor past due (2015: Nil).

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. For the Consolidated Fund, the ageing analysis of distribution receivables is as follows:

	Consolidated	
	Wind up basis 2016 $'000	**Going concern basis 2015 $'000**
Ageing analysis of receivables not impaired		
0-30 days	492	1,109
31-90 days	592	1,402
91+ days	-	-
	1,084	**2,511**

Credit risk associated with receivables is considered minimal. Other receivables balances are not significant to the Consolidated Fund's operations.

(f) Liquidity risk

Liquidity risk includes the risk that the Consolidated Fund, as a result of its operations:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

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.

The Consolidated Fund is closed for redemptions. The Consolidated Fund's approach to managing liquidity is to seek to ensure that it will always have sufficient liquidity to meet its liabilities. The Consolidated Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Consolidated Fund is undergoing a wind up process through undertaking an orderly realisation of its assets. Besides this, the Consolidated Fund does not expect any other liquidity event.

The table below shows an analysis of the contractual maturities of key liabilities which forms part of the Consolidated Fund's assessment of liquidity risk excluding liabilities attributable to unitholders:

Consolidated	**Less than 3 months $'000**	**3 months to 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Wind up basis					
2016					
Liabilities					
Accounts payable	(188)	-	-	-	(188)
Distribution payable	(4,517)	-	-	-	(4,517)
	(4,705)	**-**	**-**	**-**	**(4,705)**

Consolidated	Less than 3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Going concern basis					
2015					
Liabilities					
Accounts payable	(206)	-	-	-	(206)
Distribution payable	(1,870)	-	-	-	(1,870)
	(2,076)	**-**	**-**	**-**	**(2,076)**

The Consolidated Fund is able to sufficiently meet its liquidity obligations through the receipt of distribution income. Sufficient working cash balance is retained to ensure the Consolidated Fund is able to meets is liabilities.

(g) Market risk

Market risk is the risk that the fair value of future cash flows of the Consolidated Fund's financial instruments will fluctuate because of changes in market conditions or factors. The Responsible Entity manages the financial risks relating to the operations of the Consolidated Fund in accordance with an investment mandate set out in accordance with the Consolidated Fund's constitution and product disclosure statement. The Consolidated Fund's primary investment objective is to achieve an orderly realisation of the Consolidated Fund's assets within 5 years of the Consolidated Fund's commencement, in order to provide investors with progressive liquidity. The secondary objective of the Consolidated Fund is to manage the existing investments to achieve consistent income combined with some capital growth.

Interest rate risk

The Consolidated Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Consolidated Fund's policy is to hold up to a maximum of 10% of the net assets attributable to unitholders invested in cash and fixed interest securities.

As at balance date, the Consolidated Fund's exposure to interest rates is as follows: Cash and cash equivalents at fair values of $9,547,000 (2015: $5,065,000) with a weighted average interest rate of 1.76% (2015: 2.18%)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the Consolidated Fund'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 year. In the case of instruments that have floating interest rates, a 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The interest rate movements have been determined based on management's best estimate, having regard to historical levels of changes in interest rates and the current debt environment in which the Consolidated Fund operates. Actual movements in the interest rate may be greater or less than anticipated due to a number of factors, including unusually large market shocks both in the global and domestic property markets. As a result, historic variations in interest rates are not a definitive indicator of future variations.

For the Consolidated Fund, a 25 basis point increase in interest rates would have increased operating profit before finance costs attributable to unitholders, and increased liabilities attributable to unitholders by $14,000 (2015: $14,000); an equal change in the opposite direction would have decreased operating profit before finance costs attributable to unitholders, and decreased liabilities attributable to unitholders by $14,000 (2015: $14,000).

Price risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Consolidated Fund has investments in equity instruments and unlisted managed investment schemes which exposes it to price risk.

The Responsible Entity manages the Consolidated Fund's market risk on a daily basis in accordance with the Consolidated Fund's investment objectives and policies, as detailed in the Consolidated Fund's product disclosure statement and Constitution.

As the Consolidated Fund's financial instruments are carried at fair value with changes in the fair value recognised in the statement of comprehensive income, all changes in market conditions will directly affect income.

For the Consolidated Fund, a 10% increase in market prices would have increased operating profit before finance costs attributable to unitholders, and increased liabilities attributable to unitholders by $5,338,000 (2015: $6,475,000); an equal change in the opposite direction would have decreased operating profit before finance costs attributable to unitholders, and decreased liabilities attributable to unitholders by $5,338,000 (2015: $6,475,000).

(h) Fair value of financial instruments

The directors of the Responsible Entity consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (representing their net realisable value (assets) or their anticipated settlement amounts (liabilities)). Financial assets and liabilities held at fair value through the profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through the profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices without any deduction for estimated future selling costs; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at 30 June 2016, grouped into Levels 1 to 3 based on the degree to which the fair value inputs are observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value measurement as at 30 June 2016			
Consolidated (Wind up basis)	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at FVTPL				
Listed equities and listed schemes	-	8,788	-	8,788
Unlisted equities and unlisted schemes	-	-	44,591	44,591
Total	**-**	**8,788**	**44,591**	**53,379**
Financial liabilities at FVTPL				
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total	-	-	-	-

	Fair value measurement as at 30 June 2015			
Consolidated (Going concern basis)	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at FVTPL				
Listed equities and listed schemes	1,350	-	-	1,350
Unlisted equities and unlisted schemes	-	-	63,395	63,395
Total	**1,350**	**-**	**63,395**	**64,745**
Financial liabilities at FVTPL				
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total	**-**	**-**	**-**	**-**

- Investments whose values are based on quoted market prices in active markets and therefore classified within level 1 include listed property securities traded on the Australian Stock Exchange (ASX).
- Financial instruments that trade in markets that are not considered active but values are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.
- Classified within level 3 are financial instruments whose value is derived from significantly unobservable inputs as there is no active market. These include investments in unlisted property trusts and property syndicates, one of which is listed but deemed to be in an inactive market. The fair value of these investments is determined using the latest available prices provided by the investment managers of these investments and represents the net asset value per unit/share. These prices may have been calculated using models with unobservable inputs and assumptions that may not necessarily be supported by prices from observable current market transactions. The limited availability of observable market transactions in the same instrument suggests that the valuation of these investments is subject to a greater uncertainty and would require greater judgement. Accordingly these investments have been classified in level 3. A 1% change in the underlying NAV of these level 3 investments would have the following direct impact on the income statement $445,910 (2015: $633,950) and this would be primarily driven by a change in the underlying property values in the Consolidated Fund.

Reconciliation of Level 3 fair value instruments of financial assets

The table below shows the reconciliation of fair value movements of financial assets classified within Level 3 of the fair value hierarchy:

Consolidated	Wind up basis Unlisted equities and unlisted schemes 2016 $'000	Going concern basis Unlisted equities and unlisted schemes 2015 $'000
Opening balance	**63,395**	**78,709**
Total gains / (losses)		
- in profit or loss (realised)	(10,720)	(32,801)
- in profit or loss (unrealised)	6,346	28,762
Purchases	-	-
Sales	(5,548)	(11,275)
Transfers into / (out) of Level 3	(8,882)	-
Closing balance	**44,591**	**63,395**

Transfers between levels

- As at 30 June 2016, there was one transfer out of level 3 of the fair value hierarchy (2015: Nil).

11. Consolidated funds

	Country of incorporation	Ownership interest 2016	Ownership interest 2015
Parent Fund			
APN Unlisted Property Fund	Australia		
Controlled Fund			
APN Australian Unlisted Property Securities Holding Fund	Australia	100%	100%

During the financial year, the Consolidated Fund did not enter into any contractual arrangements that could require the parent or its subsidiaries to provide financial support to one of the consolidated entities (2015: Nil). Furthermore, neither the parent nor its subsidiaries have provided non-contractual financial or other support to one of the consolidated entities during the financial year (2015: Nil). There is currently no intention to provide contractual or non-contractual financial or other support to one of the consolidated entities going forward.

12. Parent entity disclosures

Financial position

	Wind up basis 2016 $'000	Going concern basis 2015 $'000
Assets		
Cash and cash equivalents	5,895	745
Distribution receivables	455	2,724
Other receivables	46	36
Listed equities and listed schemes	-	1,350
Unlisted equities and unlisted schemes	57,659	67,501
Total assets	**64,055**	**72,356**
Liabilities (excluding liabilities attributable to unitholders)		
Payables	(4,703)	(2,075)
Total liabilities (excluding liabilities attributable to unitholders)	**(4,703)**	**(2,075)**
Net assets attributable to unitholders	**59,352**	**70,281**
Liabilities attributable to unitholders	**(59,352)**	**(70,281)**
Net assets	-	-

Financial performance

	Wind up basis 2016 $'000	Going concern basis 2015 $'000
Profit attributable to unitholders	**7,703**	**8,223**
Finance cost attributable to unitholders		
Distributions to unitholders	(18,634)	(35,200)
Decrease in net assets attributable to unitholders	10,931	26,977
Net profit	**-**	**-**
Other comprehensive income	-	-
Total comprehensive income attributable to unitholders	-	-

During the financial year, the parent entity did not enter into any guarantees in relation to the debts of its controlled entities.

For the parent entity:

- There are no contingent liabilities in effect at 30 June 2016 (2015: Nil).
- There were no contractual commitments in effect for the acquisition of property, plant or equipment as at 30 June 2016 (2015: Nil).

13. Contingent liabilities and contingent assets

The Consolidated Fund holds 37,751,990 units in BGP Holdings (BGP) a European Real Estate investment company. These units have historically been held at a nil value given that they are not tradable and based on the advice from the directors of the company that its net assets do not represent net realisable value.

In July 2016 the Chairman of BGP confirmed that exclusive negotiations were under way for a transaction that would result in the sale of BGP. Once a deal is complete the Chairman anticipates putting resolutions, seeking shareholder approval for the distribution of sale proceeds, to investors at an extraordinary general meeting in August or September.

As both the sale and the realisable value of BGP remain uncertain, combined with further volatility in Euro zone market conditions post BREXIT, the Consolidated Fund has continued to record its investment in BGP at Nil value.

There were no commitments and contingencies in effect at 30 June 2016 (2015: nil).

14. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any material transactions or events in the opinion of the Responsible Entity, to affect significantly the operation of the Consolidated Fund, the results of those operations, or the state of affairs of the Consolidated Fund, in the future.

15. Additional information

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

Principal registered office

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101 Collins Street
MELBOURNE VIC 3000
Tel: (03) 8656 1000

Principal place of business

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