

# Notification of half yearly reports

If there is insufficient space in any section of the form, you may attach an annexure and submit as part of this lodgement

## Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation

Contact name/position description

Telephone number (during business hours)

Email address (optional)

Postal address

Suburb/City

State/Territory

Postcode

## 1 Disclosing entity

Entity type (select one)

Company

Company name

ACN

Body (other than a company)

Name

ARBN (if applicable)

Registered scheme

Name

ARSN

## 2 Financial period

From

to

### 3 Certification

I certify that the attached documents comprise the half yearly reports together with every other document that is required to be lodged with the reports by a disclosing entity under the *Corporations Act 2001*.

#### Signature

This form is to be signed by:

if a company or a body: a director or secretary or the equivalent

if a registered scheme: a director or secretary of the responsible entity acting in that capacity.

Name of responsible entity

APN FUNDS MANAGEMENT LIMITED

ACN

080 674 479

Name of person signing

Chantal Churchill

Capacity

COMPANY SECRETARY

Signature

Churchill

Date signed

17/02/17  
[D] [D] [M] [M] [Y] [Y]

#### Lodgement

Send completed and signed forms to:

Australian Securities and Investments Commission,  
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically via Standard Business Reporting enabled accounting software. Refer to [www.sbr.gov.au](http://www.sbr.gov.au) for more details.

For more information

Web [www.asic.gov.au](http://www.asic.gov.au)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

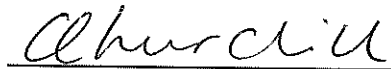
ANNEXURE "A"

APN FUNDS MANAGEMENT LIMITED  
ACN 080 674 479

This is Annexure "A" of 14 pages referred to in:

Form 7051 – Notification of Half Yearly Reports

Dated the 17<sup>th</sup> day of February 2017



Chantal Churchill  
Chantal Churchill  
Company Secretary

# **APN Property Plus Portfolio**

ARSN 101 227 614

Financial Report for the Half Year  
Ended 31 December 2016

## Directors' report

The directors of APN Funds Management Limited (ACN 080 674 479) ("the Responsible Entity") submit herewith the financial report of APN Property Plus Portfolio ("the Fund") for the half year ended 31 December 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 or since the end of the half 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)

The above named directors held office during and since the end of the half year.

## Principal activities

The Fund is a registered managed investment fund domiciled in Australia. The principal activity of the Fund is to invest in quality properties that are primarily retail properties or fuel outlets, which offer relatively secure income streams and have the potential for capital growth.

There has been no significant change in the activities of the Fund during the half year.

The Fund did not have any employees during the half year.

## Review of operations

The principal investment objective of the Fund is to provide investors with a high and consistent income distribution that maintains its real value for the life of the Fund.

### Results

The results of the operations of the Fund are disclosed in the condensed statement of profit or loss and other comprehensive income of these financial statements. The net profit for the half year ended 31 December 2016 was \$9,924,000 (2015: \$3,772,000).

### Distributions

In respect of the quarter ended 31 December 2016 a final distribution of 2.375 cents per unit was paid to the unitholders on 25 January 2017 (2015: 2.375 cents per unit). The total distributions paid to unitholders in respect of the half year period ended 31 December 2016 was 4.75 cents per unit (2015: 4.75 cents per unit).

For full details of distributions paid and payable during the half year, refer to note 2 to the financial statements.

## Auditor's independence declaration

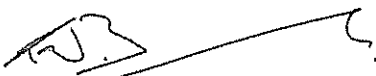
The Auditor's Independence Declaration is included on page 3 of the half year report.

## Rounding off of amounts

The 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.306(3) of the Corporations Act 2001.

On behalf of the Directors



Geoff Brunsdon  
Director  
MELBOURNE, 16 February 2017

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

16 February 2017

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

Dear Board Members

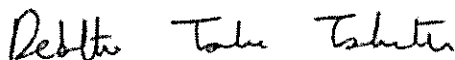
### **Independence Declaration - APN Property Plus Portfolio**

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 Property Plus Portfolio.

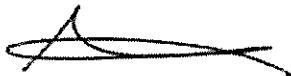
As lead audit partner for the review of the financial statements of APN Property Plus Portfolio for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown  
Partner  
Chartered Accountants

## Independent Auditor's Review Report to the Unitholders of APN Property Plus Portfolio

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of APN Property Plus Portfolio ("the Fund"), which comprises the condensed statement of financial position as at 31 December 2016, and condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund as set out in pages 6-13.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2016 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 Fund ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *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, would be in the same terms if given to the Directors as at the time of this auditor's review report.

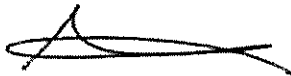
## *Conclusion*

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 Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2016 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*.



DELOITTE TOUCHE TOHMATSU



Neil Brown  
Partner  
Chartered Accountants

Melbourne, 16 February 2017



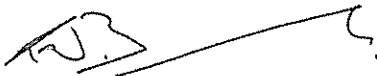
## Directors' declaration

The directors of the Responsible Entity (APN Funds Management Limited) declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and the Corporations Regulations 2001 and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Geoff Brunsdon  
Director

MELBOURNE, 16 February 2017

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**Condensed statement of profit or loss and other comprehensive income  
 for the half year ended 31 December 2016**

	Note	Half year ended 31 December 2016 \$'000	Half year ended 31 December 2015 \$'000
<b>Income</b>			
Rental income		3,314	3,325
Interest		21	20
Changes in the fair value of investment properties		7,971	1,843
Changes in the fair value of financial liabilities		49	(59)
<b>Total income</b>		<b>11,355</b>	<b>5,129</b>
<b>Expenses</b>			
Investment management fee		418	387
Net property expenses		225	135
Registry fee		10	10
Other expenses		100	111
Auditor's remuneration		6	8
Finance costs		672	706
<b>Total expenses</b>		<b>1,431</b>	<b>1,357</b>
<b>Net profit</b>		<b>9,924</b>	<b>3,772</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>9,924</b>	<b>3,772</b>

Notes to the condensed financial statements are included on pages 11 to 13.

**Condensed statement of financial position  
as at 31 December 2016**

	Note	31 December 2016 \$'000	30 June 2016 \$'000
<b>Assets</b>			
Cash and cash equivalents		2,964	3,303
Trade and other receivables		1,477	779
Investment properties		81,501	77,469
Assets classified as held for sale	6	4,500	-
<b>Total assets</b>		<b>90,442</b>	<b>81,551</b>
<b>Liabilities</b>			
Payables		1,393	876
Distribution payable	2	599	914
Financial liabilities		49	98
Interest bearing liabilities		36,260	36,249
<b>Total liabilities</b>		<b>38,301</b>	<b>38,137</b>
<b>Net assets</b>		<b>52,141</b>	<b>43,414</b>
<b>Equity attributable to unitholders</b>			
Contributed equity		20,636	20,636
Retained earnings		31,505	22,778
<b>Total Equity</b>		<b>52,141</b>	<b>43,414</b>

Notes to the condensed financial statements are included on pages 11 to 13.

**Condensed statement of changes in equity  
for the half year ended 31 December 2016**

	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2015</b>	20,636	19,175	39,811
Net profit for the period	-	3,772	3,772
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	3,772	3,772
Distributions to unitholders	-	(1,197)	(1,197)
<b>Balance at 31 December 2015</b>	20,636	21,750	42,386
<b>Balance at 1 July 2016</b>	20,636	22,778	43,414
Net profit for the period	-	9,924	9,924
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	9,924	9,924
Distributions to unitholders	-	(1,197)	(1,197)
<b>Balance at 31 December 2016</b>	20,636	31,505	52,141

Notes to the condensed financial statements are included on pages 11 to 13.

**Condensed statement of cash flows  
for the half year ended 31 December 2016**

	Half year ended 31 December 2016 Inflows/ (Outflows) \$'000	Half year ended 31 December 2015 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>		
Net rental received	2,963	3,449
Interest received	22	19
Other expenses paid	(590)	(418)
<b>Net cash provided by operating activities</b>	<b>2,395</b>	<b>3,050</b>
<b>Cash flows from investing activities</b>		
Payments for investment properties	(561)	(18)
<b>Net cash used in investing activities</b>	<b>(561)</b>	<b>(18)</b>
<b>Cash flows from financing activities</b>		
Finance costs paid	(661)	(695)
Distributions paid	(1,512)	(1,577)
<b>Net cash used in financing activities</b>	<b>(2,173)</b>	<b>(2,272)</b>
Net (decrease) / increase in cash and cash equivalents held	(339)	760
<b>Cash and cash equivalents at beginning of the half year</b>	<b>3,303</b>	<b>1,764</b>
<b>Cash and cash equivalents at end of the half year</b>	<b>2,964</b>	<b>2,524</b>

Notes to the condensed financial statements are included on pages 11 to 13.

## 1. Summary of significant accounting policies

### Statement of compliance

The 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'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

### Basis of preparation

The condensed financial statements of APN Property Plus Portfolio ("the Fund") have been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The 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.

The Fund's current finance facility of \$36,271,000 (2015: \$36,271,000) is repayable in July 2017. This cash advance facility is secured by registered first mortgage over the Fund's investment properties. Subsequent to balance date, Management has initiated discussions with the current debt provider to extend the maturity of the existing facility. The Fund is well within all of its financial covenants and as such it is management's current view that it will be able to secure a term extension or new facility and continue as a going concern.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's 2016 annual financial report, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Adoption of new and revised Standards and Interpretations

The 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 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 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The adoption of amending Standards does not have any impact on the disclosures or the amounts recognised in the Fund's half year financial statements.

## 2. Distributions paid and payable

	31 December 2016		31 December 2015	
	Cents per unit	\$'000	Cents per unit	\$'000
Distribution paid during the period	2.375	598	2.375	598
Distribution payable	2.375	599	2.375	599
	<b>4.750</b>	<b>1,197</b>	<b>4.750</b>	<b>1,197</b>

**3. Equity**

	Half year ended 31 December 2016 Units	Half year ended 31 December 2015 Units
<b>Units on issue</b>		
On issue at beginning of the period	25,204,954	25,204,954
Applications	-	-
Redemptions	-	-
Units issued upon reinvestment of distributions	-	-
<b>On issue at end of the period</b>	<b>25,204,954</b>	<b>25,204,954</b>

	Half year ended 31 December 2016 \$'000	Half year ended 31 December 2015 \$'000
<b>Movements in equity</b>		
At beginning of the period	43,414	39,811
Unit applications	-	-
Unit redemptions	-	-
Units issued upon reinvestment of distributions	-	-
Net profit for the period	9,924	3,772
Distributions paid to unitholders	(1,197)	(1,197)
<b>Total equity</b>	<b>52,141</b>	<b>42,386</b>

Each unit represents a right to an individual share in the 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 Fund.

**4. 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.

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 profit or loss and other 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;
- 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; and
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

**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 31 December 2016, grouped into Levels 1 to 3 based on the degree to which the fair value is 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 31 December 2016				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	-	(49)	-	(49)
<b>Total</b>	-	(49)	-	(49)

Fair value measurement as at 30 June 2016				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	-	(98)	-	(98)
<b>Total</b>	-	(98)	-	(98)

- 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. These include financial derivatives whose fair values have been determined using dealer quotations.
- Classified within level 3 are financial instruments whose values are derived from significantly unobservable inputs as there is no active market.

The Directors consider the carrying amounts of the Fund's other financial instruments approximate their fair values.

#### 5. Contingencies and commitments

There are no commitments and contingencies in effect at 31 December 2016 (2015: Nil).

#### 6. Subsequent events

The Fund entered into an unconditional contract to sell 1 South Gippsland Highway, South Dandenong for \$4,500,000 on 21 December 2016 with settlement expected to occur on the 6 March 2017.

There has not been any other 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 Fund, the results of the Fund, or the state of affairs of the Fund in future financial years.

#### 7. Net tangible asset backing

	Half year ended 31 December 2016 Cents per security	Half year ended 31 December 2015 Cents per security
<b>Net tangible asset backing</b>	2.0687	1.6816

Net tangible asset backing per security is calculated by dividing the equity attributable to unitholders by the number of units on issue.

#### 8. Additional information

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

##### **Principal registered office**

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

##### **Principal place of business**

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