

**Alternative Property Income Venture
(General Partner) Limited**

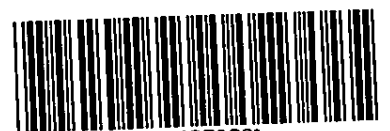
**Directors' Report and Financial Statements for the
Year Ended 30 June 2016**

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**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)**

CONTENTS

	Page
COMPANY INFORMATION	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	8
STATEMENT OF COMPREHENSIVE INCOME	11
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE FINANCIAL STATEMENTS	14-21

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)**

COMPANY INFORMATION

DIRECTORS

D Thomas

R Wood

COMPANY SECRETARY

J Tubbs

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

BANKERS

Royal Bank of Scotland Group PLC

London Corporate Service Centre

PO Box 39952

2 ½ Devonshire Square

London EC2M 4XJ

REGISTERED ADDRESS

155 Bishopsgate

London

EC2M 3XJ

REGISTERED NUMBER

06038068

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements of Alternative Property Income Venture (General Partner) Limited (the "Company") for the year ended 30 June 2016. The Directors' report has been prepared in accordance with the provisions applicable to small companies exemption.

ACTIVITIES AND REVIEW OF ACTIVITIES

The Company entered into a Limited Partnership Agreement with Alternative Property Income Venture, L.P. (the "Partnership") on 26 February 2007. The Limited Partnership Agreement was subsequently amended to the "Partnership Deed" on 6 March 2007 and 3 July 2007. During the current and prior years, the Company acted as General Partner to Alternative Property Income Venture, L.P. and as per the Limited Partnership Agreement, it is entitled to a share of profit equal to €1,000 per annum as a first charge on the distributable profits of the Partnership. Clause 13.1.1 of the Limited Partnership Deed states that, subject to clauses 13.1 and 13.3 of the Agreement, the Partnership shall operate until the day following the seventh anniversary of the Final Closing Date, i.e. until 3 September 2015 and may thereafter be extended in accordance with clause 13.3 for two additional periods of one year each. The Company acts as the General Partner of the Partnership and has exclusive responsibility for the management and control of the business affairs of the Partnership. The Partnership and its subsidiary undertakings is in its liquidation phase. In accordance with clause 13.3, the term of the Fund has been extended for the second year period from 3 September 2016 to 2 September 2017. The first extension was exercised from September 2015 to September 2016. Nonetheless, the Board of Directors will further extend the Fund's life until all the assets are sold. It will take more than 12 months after signing the financial statements to sell the remaining assets. The Partnership's main priority is to sell the remaining investment properties and hence the Partnership will not be closed on the second extension date being 2 September 2017. As a result of this, the directors have concluded that the Company is a going concern and the financial statements have been prepared on this basis.

A copy of the financial statements of the Partnership for the year ended 30 June 2016 is appended to these financial statements in accordance with the Partnership (Accounts) Regulations 2008.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
DIRECTORS' REPORT (continued)**

RESULTS AND DIVIDENDS

The Company's profit for the financial year amounts to £1,072 (2015 £49) No dividends were proposed or paid during the year (2015 Nil)

FUTURE DEVELOPMENTS

Currently, there are no significant future developments for the Company The Company will continue its normal activities for the foreseeable future.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office

DESCRIPTION OF PRINCIPAL RISKS

All risks are actively monitored by the Risk Team of the immediate parent of the Company, AXA Real Estate Investment Managers UK Limited The Board is ultimately responsible for ensuring that the Company effectively manages its risks with the objectives of protecting the Company from unforeseen losses, and optimising shareholder value within the strategic risk tolerances

FINANCIAL RISK MANAGEMENT

The risks that impact the Company are categorised under the two broad headings of Business and Operational risk.

Business Risk

Business risks are monitored closely and various stress tests are undertaken as part of the strategic planning and budgetary process to model the impact of such risks on the Company's financial position Financial risks are set out in note 5 to the financial statements.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
DIRECTORS' REPORT (continued)**

Operational Risk

Operational risks are categorised as follows

- **Process and execution risk** – Loss resulting from inadequate or failed internal or external processes (e.g. execution processes or reconciliation processes),
- **System risk** – Loss resulting from programming – or failure of IT – and management information systems, and
- **External event risk** – Loss resulting from external events (e.g. wars, natural disasters)

The Company manages these risks through the maintenance of an Operational Risk Framework comprising policies, principles and procedures that seek to ensure the most significant risk exposures are identified, assessed, controlled and monitored

DIRECTORS AND COMPANY SECRETARY

The directors of the Company and company secretary who were in office during the year and up to the date of signing the financial statements are shown on page 2

EXERCISE OF DIRECTORS' AXA SA SHARE OPTIONS

The directors of the Company did not exercise any share options during the year (2015 Nil)

DIRECTORS' INDEMNITY AND INSURANCE

AXA REIM UK, the Company's parent company, maintains an appropriate level of Directors' and Officers' liability insurance, which is reviewed and renewed annually. During the reporting year and until the date of signing the financial statements AXA REIM UK's articles of association include a third party indemnity insurance which indemnifies against liabilities incurred as a result of acting as a director of the Company.

STRATEGIC REPORT

The Directors have not prepared a strategic report as the Company is entitled to prepare the financial statements in accordance with the small companies regime.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
DIRECTORS' REPORT (continued)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in UK and Republic of Ireland and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify the members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
DIRECTORS' REPORT (continued)**

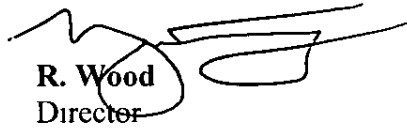
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director in office at the date of approval of this report confirms that

- a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the Board on 9 December 2016


R. Wood
Director

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)**

Independent auditors' report to the members of Alternative Property Income Venture (General Partner) Limited

Report on the financial statements

Our opinion

In our opinion, Alternative Property Income Venture (General Partner) Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended,
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
 - have been prepared in accordance with the requirements of the Companies Act 2006
-

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise

- the Statement of Financial Position as at 30 June 2016,
- the Statement of Comprehensive Income for the year then ended,
- the Statement of Changes in Equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)**

Independent auditors' report to the members of Alternative Property Income Venture (General Partner) Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)**

***Independent auditors' report to the members of Alternative Property Income Venture
(General Partner) Limited (continued)***

What an audit of financial statements involves

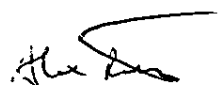
We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
09 December 2016

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016**

	Note	2016 £	2015 £
Turnover	6	779	709
Gain on foreign exchange		561	-
Operating expenses		-	(647)
Operating profit and profit on ordinary activities before taxation		1,340	62
Tax on profit on ordinary activities	10	(268)	(13)
Profit for the financial year	15	1,072	49

All results shown above are from continuing operations


There are no other recognised gains or losses in the current year or the preceding year other than those recognised in the Statement of Comprehensive Income

The notes on pages 14 to 21 form an integral part of these financial statements

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016**

	Note	2016 £	2015 £
Assets			
Debtors due within 1 year	12	1,340	62
Debtors falling due after more than one year	12	<u>5,674</u>	<u>5,612</u>
Total assets		<u>7,014</u>	<u>5,674</u>
Creditors: amounts falling due within one year	13	(1,743)	(1,475)
Total assets less current liabilities		<u>5,271</u>	<u>4,199</u>
Capital and reserves			
Called up share capital	14	1	1
Retained earnings	15	<u>5,270</u>	<u>4,198</u>
Total shareholders' funds	16	<u>5,271</u>	<u>4,199</u>

The financial statements on pages 11 to 21 were approved by the directors on 9 December 2016 and signed on behalf of the Board by


R. Wood
Director

The notes on pages 14 to 21 form an integral part of these financial statements

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Capital Contributed £	Retained earnings £	Total £
As at 1 July 2015	1	4,198	4,199
Profit for the financial year	-	1,072	1,072
As at 30 June 2016	1	5,270	5,271

	Capital Contributed £	Retained earnings £	Total £
As at 1 July 2014	1	4,149	4,150
Profit for the year	-	49	49
As at 30 June 2015	1	4,198	4,199

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS**

1 GENERAL INFORMATION

Alternative Property Income Venture (General Partner) Limited (“the Company”) is incorporated in England. The Registered Office is 155 Bishopsgate, London, EC2M 3XJ.

2 BASIS OF PREPARATION AND TRANSITION TO FRS 102

Basis of Accounting

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

These financial statements have been presented in British Pounds as this is the Company’s functional currency, being the primary economic environment in which it operates.

The financial statements for the year ended 30 June 2016 are the Company’s first financial statements that comply with FRS 102, the Company’s date of transition to FRS 102 is 1 July 2014. Note 19 describes the impact on reported Statement of Comprehensive Income and Statement of Changes in Equity from transition to FRS 102.

The Directors have concluded that the Partnership is considered to be a going concern as the term of the Fund has been extended for the second year from 3rd September 2016 to 2nd September 2017. It had previously been extended by a period of 12 months in September 2015. Nonetheless, the Board of Directors will further extend the Fund’s life until all the assets are sold. It will take more than 12 months after signing the financial statements to sell the remaining assets. The Fund’s main objective is to sell the remaining investment properties and hence the Fund will not be closed on the second extension date being 2 September 2017. The Board therefore considers it is appropriate to prepare the Consolidated Financial Statements on a going concern basis.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Company’s financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 BASIS OF PREPARATION AND TRANSITION TO FRS 102
(CONTINUED)**

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. These areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements. Management believe that the underlying assumptions are appropriate.

Operating Expenses

Expenses are included in the Statement of Comprehensive Income on an accrual basis. All of the Company's expenses are derived from operations in the UK.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rates ruling at that date. Translation differences are recorded in the Statement of Comprehensive Income.

Statement of cash flow

The Company is a subsidiary of AXA Real Estate Investment Managers UK Limited and is included in the Consolidated Financial Statements of its ultimate parent company, AXA SA, which are publicly available (see note 17). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under FRS 102 1.12(b).

Income recognition

Income represents fees received from the Partnership and is accounted for at the fair value of the consideration received or receivable.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial position date.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 BASIS OF PREPARATION AND TRANSITION TO FRS 102
(CONTINUED)**

Share capital

Ordinary shares are classified as equity. Shares are classified as equity when there is no obligation to transfer cash or other assets.

Financial assets

- **Trade and other debtors**

Trade and other debtors are initially recognized at the transaction price, including any transaction costs. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Financial liabilities

The Company classifies its financial liabilities as follows, depending on the purpose for which it was acquired:

- **Trade and other creditors**

Trade and other creditors are initially measured at the transaction price, including any transaction costs. Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be paid.

- **Other creditors amounts falling due after more than one year**

Where a financial liability constitutes a financing transaction, it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There are no material critical accounting estimates or judgements.

4 INCOME FROM INVESTMENT

Income from investment represents profit share in respect of the Company's investment in Alternative Property Income Venture Limited Partnership.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

5. RISK MANAGEMENT

5.1 Financial risk management

The Company's activities expose it to a variety of market related financial risks namely currency risk, price risk, cash flow risk and interest rate risk. The financial risks include trade debtors and trade and other creditors.

Market risk

- (i) Currency risk is limited as the Company operates entirely within the UK and is sterling denominated. The annual income is in Euros and is subject to fluctuation in exchange rate, which gives rise to unrealised gains and losses.
- (ii) The Company has no interest in the profits or losses of Alternative Property Income Venture, L.P. and is not required to make any capital contributions to the Partnership. Therefore, the Company is not exposed to any significant price risk exposure. Consequently, this risk is mitigated.
- (iii) As the Company does not seek to retain significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

5.2 Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for investors in the Partnership. In order to maintain or adjust the capital structure, the Company may adjust the amount of distributions paid or return capital to investors. Capital is defined as the underlying assets and liabilities in the Partnership attributable to the Company.

6. TURNOVER

As per the Amended & Restated Deed dated 3rd July 2007, the Partnership pays €1,000 profit share per annum to the Company.

7. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £	2015 £
Fees payable to the Company's auditors	-	-

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

7. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

The audit fee of £3,907 excluding VAT (2015 £ 3,245) is paid by the Partnership

The average monthly number of employees of the Company during the year was nil (2015 Nil)

8. TAXATION

The Company made a profit on ordinary activities before taxation of £1,340 (2015: £62) A provision for corporation tax has been made in the current year Corporation tax in the preceding years has been Group relieved by other members of the AXA Group

9. DIRECTORS' EMOLUMENTS

The directors who were in office during the year were employed and paid by companies in the AXA Group and their directorships were held as part of that employment No director received any emoluments or other benefits from the Company or from any other company in the AXA Group in respect of services to the Company

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the year

	2016	2015
	£	£
Current tax:		
UK corporation tax on profits for the year	<u>268</u>	<u>13</u>

(b) Factors affecting the tax charge for the year

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>1,340</u>	<u>62</u>
Profit on ordinary activities multiplied by the blended standard rate of corporation tax in the UK of 20.0 % (2015: 20.8%)	<u>268</u>	<u>13</u>

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

11. DEFERRED TAX

There is no deferred tax as there are no transactions which create timing differences

12. DEBTORS

	2016 £	2015 £
Amount owed by group undertakings	1	1
Amounts owed by the Partnership	<u>7,013</u>	<u>5,673</u>
	<u>7,014</u>	<u>5,674</u>

The amounts owed by the Partnership relate to the annual fixed profit share paid to the Company. The previous years' profit shares remain unpaid and are treated as a debtors amount falling due after more than one year. The amounts owed are interest free and payable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts owed to AXA Group undertakings	1,462	1,355
Corporation Tax	<u>281</u>	<u>120</u>
	<u>1,743</u>	<u>1,475</u>

The amount owed to AXA Group undertakings relates to group tax relief provided to the Company and the amounts owed are interest free.

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

14. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Authorised 100 (2015 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
	2016 £	2015 £
Allotted and issued 1 (2015 1) ordinary shares of £1	1	1
	<u>1</u>	<u>1</u>

The share capital of £1 is unpaid and is shown within current assets as amount owed by parent undertaking

15. RETAINED EARNINGS

	2016 £	2015 £
Opening balance as at 1 July	4,198	4,149
Profit for the financial year	1,072	49
Closing balance as at 30 June	<u>5,270</u>	<u>4,198</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 £	2015 £
Opening balance as at 1 July	4,199	4,150
Profit for the financial year	1,072	49
Closing balance as at 30 June	<u>5,271</u>	<u>4,199</u>

**Alternative Property Income Venture
(General Partner) Limited
(Registered Number 06038068)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

17. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company is a subsidiary of AXA Real Estate Investment Managers UK Limited, a company incorporated in Great Britain and registered in England and Wales

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA SA, a company incorporated in France. The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is AXA SA. Copies of the group financial statements of AXA SA can be obtained from 23, avenue Matignon, 75008 Paris, France. The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is AXA Investment Managers SA. Copies of the group financial statements of AXA Investment Managers SA are available from the company's registered office at Tour Majunga, 6 Place de Pyramide, 92908 La Defence Cedex Paris, France.

18. RELATED PARTIES

The Company is the General Partner of Alternative Property Income Venture L.P. During the year ended 30 June 2016, the Company managed the activities of this related party. According to clause 8 of the Limited Partnership Deed, the General Partner is entitled to a first charge on the profits of the Partnership. As at 30 June 2016, amounts owed by the Partnership is £7,013 (30 June 2015 £5,673).

19. TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements in accordance with FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"). For financial years up to and including the year ended 30 June 2015, the Company previously prepared its financial statements in accordance with previously extant UK GAAP.

The date of transition to FRS 102 is 1 July 2014. There are no transitional adjustments relevant to the Company for the first-time transition to FRS 102, other than in the presentation of the financial statements and certain disclosure items.

20. EVENTS AFTER THE REPORTING DATE

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, reported at the Statement of financial position date of 30 June 2016.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 6038068

Accounts are required to be lodged with
Alternative Property Income Venture (General Partner)
Limited Accounts (Registered No: 06038068

THURSDAY

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22/12/2016
COMPANIES HOUSE

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ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)

FOR THE YEAR ENDED 30 JUNE 2016

TABLE OF CONTENTS

	Page Number
Limited Partnership Information	2
Strategic Report	3 - 5
General Partner's Report	6 -8
Independent Auditors' Report	9 – 10
Consolidated Statement of Comprehensive Income	11 - 12
Consolidated Statement of Financial Position	13
Partnership Statement of Financial Position	14
Consolidated Statement of Changes in Partners' interest	15 - 16
Partnership Statement of Changes in Partners' interest	17-18
Consolidated Statement of Cash Flows	19
Notes to the Consolidated Financial Statements	20-53

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
FOR THE YEAR ENDED 30 JUNE 2016

LIMITED PARTNERSHIP INFORMATION

REGISTERED OFFICE

Alternative Property Income Venture (General Partner) Limited
in its capacity as General Partner of Alternative Property Income Venture, L P
155 Bishopsgate
London
EC2M 3XJ

DIRECTORS OF THE GENERAL PARTNER

D Thomas
R Wood

COMPANY SECRETARY

J Tubbs

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

BANKERS

Royal Bank of Scotland Plc
London Corporate SC
PO Box 39952
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ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Alternative Property Income Venture (General Partner) Limited (“the General Partner”) presents its strategic report on the Alternative Property Income Venture, L P (the “Partnership”) for the year to 30 June 2016

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The purpose of the Partnership and its subsidiary undertakings (together the “Group”) is to carry on the business of identifying, acquiring, holding and disposing of investments in properties, in accordance with the information memorandum agreed from time to time between the General Partner and the Limited Partners and to carry out all the functions and to act in connection therewith

The Partnership was established as Alternative Property Income Venture, L P by an original Limited Partnership Agreement dated 26 February 2007 and subsequently amended on 6 March 2007 and 3 July 2007 (the “Partnership Deed”) It is registered as a Limited Partnership in England under the Limited Partnership Act 1907 with registration number LP11883

The Final Closing Date took place on 2 September 2008, with total equity commitments amounting to €299.1m from the Limited Partners. No capital drawdown was requested during the year (2015: nil). The undrawn capital at the year-end was €11.4m (2015: €11.4m).

The Partnership and its subsidiary undertakings is in its liquidation phase. The Fund termination date is set in September 2017 (1st extension until September 2016 was exercised in September 2015 and the second extension was exercised in September 2016). Nonetheless, the Board of Directors will further extend the Fund’s life until all the assets are sold. After the approval of the financial statements, the Board believes that it will take more than 12 months to sell the remaining assets of the Partnership’s portfolio. As at 30 June 2016, 23 German properties were classified as non-current assets held for sale. After the reporting period, the cinema, located in Hamburg, Germany, was sold. More details about this disposal are disclosed in note 27. The remaining properties are actively being marketed. The Fund’s main objective is to sell the remaining investment properties and hence the Fund will not be closed on the second extension date being 2 September 2017. Further detail on the liquidation phase and going concern is provided in note 3 and in the General Partners’ report.

These financial statements for the year ended 30 June 2016 are the Partnership’s first financial statements that comply with United Kingdom Accounting Standards, including Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the UK and Republic of Ireland (“FRS 102”), the Partnership’s date of transition to FRS 102 is 1 July 2015. Note 29 describes the impact on reported Statement of Comprehensive Income and Statement of Changes in Equity from transition to FRS 102.

KEY PERFORMANCE INDICATORS

The General Partner considers the key performance indicators of the Partnership to be the value of assets under management and the profitability of the Partnership.

The Partnership invests in the Alternative Property Income Venture S C A (the “Company”), a Société en Commandite par actions under the laws of the Grand-Duchy of Luxembourg and which has its registered office at 21, Boulevard Grande Duchesse Charlotte, L-1331 Luxembourg.

Investments in the Company can be made through direct investments, in the form of subscription of shares and providing loans to the Company. Investments can also be made indirectly through investment in the Partnership.

The Partnership invests in the Company via the Alternative Property Income ELP Subco S à r l, a wholly owned subsidiary of the Partnership. The investment is made by way of share capital and the making of three categories of loans: Shareholder loans (A loans), Subordinated Shareholder loans (B loans) and Convertible Loans from investors. The A and B loans bear interest at 5.00% per annum plus at 3 month Euribor and an appropriate

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

KEY PERFORMANCE INDICATORS (CONTINUED)

margin which will vary from project to project (and as notified in capital call notices) per annum The Convertible Loans bear interest at the rate of 3.00% per annum

The Group's profit on ordinary activities after taxation was €12,889,655 (2015: €11,109,912), out of which €10,884,095 (2015: €10,067,518) was attributable to the Partnership. The Group has distributed €55.0m (2015: €38.4m) by way of interest and capital repayment to the investors. The Partnership has received and the General Partner has made a capital repayment of €39.1m during the year (2015: €27.5m) to the investors.

The Group's property portfolio was valued at 30 June 2016 by CBRE at €350,712,000 (30 June 2015: €353,932,000). On a like for like basis, the valuation of the portfolio decreased by €1,860,000 (-0.53%) during the year.

PRINCIPAL RISKS AND MITIGATION

The General Partner considers the principal financial risks faced by the Group to be foreign exchange risk, market price risk, interest rate risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents, loan receivable, restricted cash reserve, trade and other payables and borrowings.

All principal risks are assessed and mitigated where possible. The General Partner and AXA Real Estate Investment Managers UK Limited (the "Real Estate Adviser") meet regularly to discuss the above risks and their mitigation. The Partnership reports internally to the independent AXA Real Estate Risk Management & Compliance team located in Paris. This team sets standards and limits, identifies risks, ensures timely remediation plans, controls and monitors investment, operational & regulatory risks.

FOREIGN EXCHANGE RISK

Currency risk is limited as the Group operates predominantly within the Eurozone and most of the transactions and balances in the Consolidated Financial Statements are Euro denominated. Where the Group enters into transactions outside of the Eurozone, it will consider and, where appropriate, apply a hedging strategy designed to minimise exposure to fluctuations in currency. Such strategy will be reviewed periodically.

MARKET PRICE RISK

Market risk arises principally through property valuation movements.

In terms of property valuation movements, both real estate and real estate related companies and assets are inherently difficult to value. Valuations are, to a degree, based upon the subjective approach of the valuer involved. As a result, valuations are subject to substantial uncertainty. The value of real estate may be materially affected by a number of factors, including without limitation, its location and the degree of competition from other real estate owners in its immediate vicinity, the financial condition of occupational tenants of a property and physical matters arising from the state of repair and condition of the property. To mitigate this risk, the Partnership seeks to invest in assets with robust property fundamentals, to provide additional security to committed equity and performance of the Partnership, which also supports sustainable cash flows.

INTEREST RATE RISK

As the Group does not seek to retain significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings from third party lenders. Most of the borrowings are at fixed rate. Borrowings issued at variable rates expose the Group to interest rate risk. The Group monitors closely interest rate changes and regularly reviews its hedging strategy. Further details on interest rate risk is provided in note (5c).

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

CREDIT RISK

Credit risk arises from cash at bank and in hand, financial assets at fair value through Statement of Comprehensive Income, loan receivable, restricted cash reserve, as well as credit exposures with respect to rental customers, including outstanding receivables. Credit risk is managed on a Group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to periodic review by the Real Estate Adviser. The Group monitors the selection of banks and financial institutions which hold the Group's cash and deposits. Cash transactions are limited to high-credit-quality financial institutions. The Group limits the amount of credit exposure to any financial institution.

Under the Group's credit risk policy, rental contracts are undertaken as far as possible with tenants with an appropriate credit history with Dun & Bradstreet A - D ratings (or the equivalent). If there is no independent rating available, an assessment of the credit quality of the tenant is undertaken, taking into account its financial position, past experience and other factors.

The Group believes that the credit quality of the existing counterparties and the corresponding balances in relation to the above-mentioned financial assets are within the credit quality limits determined in each case, set for counterparties as ultimately determined by the General Partner and the Management of the Company.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's liquidity position is monitored on a monthly basis. The table in note 5(e) provides liquidity analysis on payment obligations based on the remaining contractual maturity from less than 3 months to more than 5 years.

The Strategic Report has been approved by the Board and signed on its behalf by the Directors of the General Partner on 9 December 2016.



R. Wood
Director

For and on behalf of Alternative Property Income Venture (General Partner) Limited
in its capacity as General Partner of Alternative Property Income Venture, L.P.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The General Partner is pleased to present its Annual Report and the audited Consolidated Financial Statements of the Alternative Property Income Venture, L P (the "Partnership") for the year ended 30 June 2016. The General Partner has taken advantage of the exemption under s408 Companies Act 2006 from preparing the Statement of Comprehensive Income of the Partnership.

REVIEW OF ACTIVITIES

The purpose of the Group is to carry on the business of identifying, acquiring, holding and disposing of investments in properties, in accordance with the information memorandum agreed from time to time between the General Partner and the Limited Partners and to carry out all the functions and to act in connection therewith.

FUTURE DEVELOPMENTS

Clause 13.1.1 of the Limited Partnership Agreement (the "Partnership Deed") states that, subject to clauses 13.1 and 13.3 of the Agreement, the Partnership shall operate until the day following the seventh anniversary of the Final Closing Date, i.e. until 3 September 2015 and may thereafter be extended in accordance with clause 13.3 for two additional periods of one year each.

In accordance with clause 13.3, the term of the Fund was originally extended for a year to 2 September 2016. The Board has decided to further extend the term of the Fund for another year to 2 September 2017. Nonetheless, The Board of Directors will further extend the Fund's life until all the assets are sold. After the approval of the financial statements, the Board believes that it will take more than 12 months to sell the remaining assets of the Partnership's portfolio. Further details on the going concern and the sale of the remaining assets is provided in the Strategic report under the section of "principal activities and business review" and in note 3. After the reporting period, the cinema, located in Hamburg, Germany was sold. More details about this disposal are disclosed in note 27. The Partnership's main objective is to sell all its remaining investment properties before the end of the Fund's life, which will take more than 12 months after signing the financial statements. The remaining properties are actively being marketed. As at year-end, 23 German properties were classified as held for sale.

FINANCIAL RISK MANAGEMENT

A comprehensive review of the principal risks and their management are covered in the Strategic Report.

RESULTS

The Group made a profit for the year of €12,889,655 (2015: €11,109,912). No dividend is currently proposed (2015: £nil).

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Resolutions to firstly reappoint them as auditors to the Partnership and secondly, to authorise the Directors of the General Partner to determine their remuneration was proposed at the General Meeting.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
GENERAL PARTNER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

GOING CONCERN

The Directors have concluded that the Group is considered to be a going concern as the term of the Fund has been extended for the second year from 3rd September 2016 to 2nd September 2017. It had previously been extended by a period of 12 months in September 2015. Nonetheless, the Board of Directors will further extend the Fund's life until all the assets are sold. As at 30 June 2016, 23 German properties were classified as non-current assets held for sale. After the reporting period, the cinema, located in Hamburg Germany, was sold. More details about this disposal are disclosed in note 27. The remaining properties are actively being marketed. It will take more than 12 months after signing the financial statements to sell the remaining assets. The Fund's main objective is to sell the remaining investment properties and hence the Fund will not be closed on the second extension date being 2 September 2017. Further detail on the liquidation phase and going concern is provided in note 3 and in the General Partners' report. The Board therefore considers it is appropriate to prepare the Consolidated Financial Statements on a going concern basis. Further detail on the basis of preparation of the Consolidated Financial Statements is provided in note 3.

STATEMENT OF RESPONSIBILITIES OF THE GENERAL PARTNER

The General Partner is responsible for preparing the Strategic Report, the General Partner's report and the Consolidated Financial Statements in accordance with the Partnership Agreement, applicable law and regulations.

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared Group and qualifying partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 (United Kingdom Accounting Standards and applicable law). Under Company law as applied to qualifying partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the qualifying partnership and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- notify the members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of Financial Statements, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and qualifying partnership will continue in business.

The members require the Financial Statements to be prepared in accordance with the United Kingdom Generally Accepted Practice, including FRS 102 (previously UK GAAP) so far as appropriate to limited partnerships.

The members confirm that the Financial Statements comply with the above requirements.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. They are also responsible for safeguarding the assets of the Group and the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The accounting policies are detailed in the notes to the Consolidated Financial Statements on pages 20 to 53.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
GENERAL PARTNER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the General Partner is aware

- there is no relevant audit information of which the Partnership's auditors are unaware, and
- we have taken all the steps that we ought to have taken as General Partner in order to make ourselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

The General Partner confirms that it has complied with the above requirements throughout the year and subsequently

The General Partner's Report has been approved by the Board on 9th December 2016 and signed on its behalf by

R Wood
Director



For and on behalf of Alternative Property Income Venture (General Partner) Limited
in its capacity as General Partner of Alternative Property Income Venture, L P

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)

***Independent auditors' report to the members of Alternative Property Income Venture,
L.P.***

Report on the financial statements

Our opinion

In our opinion, Alternative Property Income Venture, L.P.'s group financial statements and qualifying partnership financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 30 June 2016 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008

What we have audited

The financial statements, included within the Consolidated Final Statements (the "Annual Report"), comprise

- the Consolidated Statement of Financial Position as at 30 June 2016,
- the Consolidated Statement of Comprehensive Income for the year ended,
- the Consolidated Statement of Cash Flows for the year then ended,
- the Consolidated and Partnership Statement of Changes in Partners' interests for the year ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("United Kingdom Generally Accepted Accounting Practice"), and applicable law

In applying the financial reporting framework, the general partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the qualifying partnership financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

General Partner's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of general partner's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)

***Independent auditors' report to the members of Alternative Property Income Venture,
L.P. (continued)***

Responsibilities for the financial statements and the audit

Our responsibilities and those of the general partner

As explained more fully in the Statement of Responsibilities of the General Partner set out on page 6, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

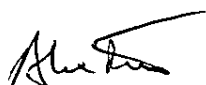
We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the qualifying partnership's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the general partner , and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the general partner's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



Alex Bertolotti (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London,

09 December 2016

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 €	2015 €
Turnover		31,459,823	30,634,411
Cost of sales	6(b)	<u>(4,173,303)</u>	<u>(4,296,741)</u>
Gross Profit		27,286,520	26,337,670
Administrative expenses	6(d)	<u>(4,626,101)</u>	<u>(5,571,003)</u>
Operating Profit before profit on disposal and fair value gain		22,660,419	20,766,667
Realised gain on disposal of investment property	22	440,000	-
Gain on disposal of financial assets at fair value	22	592,752	5,863,112
Unrealised loss on investment property	11	<u>(1,992,328)</u>	<u>(6,266,104)</u>
Exchange rate adjustment		-	-
Unrealised gain on derivatives financial instruments	20	535,119	514,740
Unrealised fair value gain/(loss) on joint venture investments	13	<u>28,093</u>	<u>(410,024)</u>
Operating Profit		22,264,055	20,468,391
Finance costs	7	<u>(5,515,659)</u>	<u>(6,562,184)</u>
Finance income	8	273,856	1,190,738
Other finance costs	9	<u>(350,312)</u>	<u>(362,674)</u>
		(5,592,115)	(5,734,120)
Profit on ordinary activities before taxation		16,671,940	14,734,271
Tax on profit on ordinary activities	10	(3,782,285)	(3,624,359)
Profit on ordinary activities after taxation		<u>12,889,655</u>	<u>11,109,912</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
FOR THE YEAR ENDED 30 JUNE 2016

Other Comprehensive Income	-	-
Total comprehensive income for the year allocated to:	12,889,655	11,109,912
General Partner	1,000	1,000
Limited Partners	10,883,095	10,066,518
Non-controlling interest	2,005,560	1,042,394
Profit for the financial year	<u>12,889,655</u>	<u>11,109,912</u>

All results and comparatives shown above are from continuing activities

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 €	2015 €
Fixed Assets			
Investment Properties	11,12,19	350,712,000	353,932,000
Investment in Joint Venture	13	603,380	1,041,907
		<u>351,315,380</u>	<u>354,973,907</u>
Current assets			
Debtors	16	10,176,734	10,358,872
Cash at bank and in hand		25,228,513	70,286,171
		<u>35,405,247</u>	<u>80,645,043</u>
Creditors - amounts falling due within one year	17	(11,697,593)	(20,066,360)
Net Current assets		<u>23,707,654</u>	<u>60,578,683</u>
Total Assets less Current liabilities		375,023,034	415,552,590
Creditors - amounts falling due after more than one year	18	(82,780,259)	(85,395,854)
Deferred tax liabilities	10	(9,087,860)	(7,845,114)
		<u>283,154,915</u>	<u>322,311,622</u>
Total net assets value		283,154,915	322,311,622
Total net assets attributable to Partners and non-controlling interests		<u>283,154,915</u>	<u>322,311,622</u>
Capital and reserves			
Partners Capital Contribution		41,584	41,584
Loans from partners		149,161,922	188,295,810
Retained earnings		52,972,193	42,088,098
		<u>201,875,545</u>	<u>230,425,492</u>
Non-controlling interests		80,979,216	91,886,130
Partnership Funds		<u>283,154,915</u>	<u>322,311,622</u>

The Consolidated Financial Statements on pages 11 to 53 were approved by the Board on 9th December 2016 and signed on its behalf by


R Wood


Director

For and on behalf of Alternative Property Income Venture (General Partner) Limited
in its capacity as General Partner of Alternative Property Income Venture, L P

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
PARTNERSHIP STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 €	2015 €
Fixed assets			
Shares in Group Undertakings	14	549,250	549,250
Loans to Group Undertakings	15	215,871,545	247,812,462
		<u>216,420,795</u>	<u>248,361,712</u>
Current assets			
Loan interest receivable		1,191,295	1,432,080
Debtors	16	84,591	69,946
Cash at bank and in hand		282,882	5,074,930
		<u>1,558,768</u>	<u>6,576,956</u>
Creditors - amounts falling due within one year	17	(75,431)	(5,057,505)
Net current assets		<u>1,483,337</u>	<u>1,519,451</u>
Total assets less current liabilities		<u>217,904,132</u>	<u>249,881,163</u>
Total net assets attributable to Partners		<u>217,904,132</u>	<u>249,881,163</u>

The Consolidated Financial Statements on pages 11 to 53 were approved by the Board on 9th December 2016 and signed on its behalf by


R. Wood
Director

For and on behalf of Alternative Property Income Venture (General Partner) Limited
in its capacity as General Partner of Alternative Property Income Venture, L P

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' INTEREST
FOR THE YEAR ENDED 30 JUNE 2016

	Capital contribution	Loans from partners	Non-controlling interests	Retained earnings	Total
	€	€	€	€	€
General Partner					
Balance as at 1 July 2015	-	-	-	8,000	8,000
Total comprehensive income for the year	-	-	-	1,000	1,000
Balance at 30 June 2016	-	-	-	9,000	9,000
Limited Partners					
Balance as at 1 July 2015	28,765	188,295,810	-	42,080,098	230,404,673
Total comprehensive income for the year	-	-	-	10,883,095	10,883,095
Distribution	-	(39,133,888)	-	-	(39,133,888)
Balance at 30 June 2016	28,765	149,161,922	-	52,963,193	202,153,880
Special Limited Partners					
Balance as at 1 July 2015	12,819	-	-	-	12,819
Total comprehensive income for the year	-	-	-	-	-
Distribution	-	-	-	-	-
Balance at 30 June 2016	12,819	-	-	-	12,819
Non-Controlling interests					
Balance as at 1 July 2015	-	-	91,886,130	-	91,886,130
Total comprehensive income for the year	-	-	2,005,560	-	2,005,560
Distribution to non-controlling interest	-	-	(15,365,062)	-	(15,365,062)
Total transaction recognised directly in equity*	-	-	2,452,588	-	2,452,588
Balance at 30 June 2016	-	-	80,979,216	-	80,979,216
Balance at 30 June 2016	41,584	149,161,922	80,979,216	52,972,193	283,154,915

* Total transaction recognised directly in equity consists of capitalised interest of €2,452,588

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' INTEREST
FOR THE YEAR ENDED 30 JUNE 2015

	Capital contribution	Loans from partners	Non-controlling interests	Retained earnings	Total
	€	€	€	€	€
General Partner					
Balance as at 1 July 2014	-	-	-	7,000	7,000
Total comprehensive income for the year	-	-	-	1,000	1,000
Balance at 30 June 2015	-	-	-	8,000	8,000
Limited Partners					
Balance as at 1 July 2014	28,765	215,815,054	-	32,013,580	247,857,399
Total comprehensive income for the year	-	-	-	10,066,518	10,066,518
Distribution	-	(27,519,244)	-	-	(27,519,244)
Balance at 30 June 2015	28,765	188,295,810	-	42,080,098	230,404,673
Special Limited Partners					
Balance as at 1 July 2014	12,819	-	-	-	12,819
Total comprehensive income for the year	-	-	-	-	-
Distribution	-	-	-	-	-
Balance at 30 June 2015	12,819	-	-	-	12,819
Non-Controlling interests					
Balance as at 1 July 2014	-	-	98,570,577	-	98,570,577
Total comprehensive income for the year	-	-	1,042,394	-	1,042,394
Distribution to non-controlling interest	-	-	(10,730,815)	-	(10,730,815)
Total transaction recognised directly in equity*	-	-	3,003,974	-	3,003,974
Balance at 30 June 2015	-	-	91,886,130	-	91,886,130
Balance at 30 June 2015	41,584	188,295,810	91,886,130	42,088,098	322,311,622

* Total transaction recognised directly in equity consists of capitalised interest of €3,003,973

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
PARTNERSHIP STATEMENT OF CHANGES IN PARTNERS' INTERESTS
FOR THE YEAR ENDED 30 JUNE 2016

	Capital contribution	Loans from partners	Income account	Total
	€	€	€	€
General Partner				
Balance as at 1 July 2015	-	-	8,000	8,000
Additions	-	-	-	-
Net income	-	-	1,000	1,000
Distributions	-	-	-	-
Balance at 30 June 2016	-	-	9,000	9,000
Limited Partners				
Balance as at 1 July 2015	28,765	188,295,810	61,535,769	249,860,344
Additions	-	-	-	-
Net income	-	-	7,155,857	7,155,857
Distributions	-	(39,133,888)	-	(39,133,888)
Balance at 30 June 2016	28,765	149,161,922	68 691,626	217,882,313
Special Limited Partners				
Balance as at 1 July 2015	12,819	-	-	12,819
Additions	-	-	-	-
Net income	-	-	-	-
Distributions	-	-	-	-
Balance at 30 June 2016	12,819	-	-	12,819
Total				
Balance as at 1 July 2015	41,584	188,295,810	61,543,769	249,881,163
Additions	-	-	-	-
Net income	-	-	7,156,857	7,156,857
Distributions	-	(39,133,888)	-	(39,133,888)
Balance at 30 June 2016	41,584	149,161,922	68,700,626	217,904,132

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
PARTNERSHIP STATEMENT OF CHANGES IN PARTNERS' INTERESTS
FOR THE YEAR ENDED 30 JUNE 2015

	Capital contribution	Loans from partners	Income account	Total
	€	€	€	€
General Partner				
Balance as at 1 July 2014	-	-	7,000	7,000
Reverse Impairment	-	-	-	-
Net income	-	-	1,000	1,000
Distributions	-	-	-	-
Balance at 30 June 2015	-	-	8,000	8,000
Limited Partners				
Balance as at 1 July 2014	28,765	215,815,054	52,759,258	268,603,077
Net income	-	-	8,776,511	8,776,511
Distributions	-	(27,519,244)	-	(27,519,244)
Balance at 30 June 2015	28,765	188,295,810	61,535,769	249,860,344
Special Limited Partners				
Balance as at 1 July 2014	12,819	-	-	12,819
Additions	-	-	-	-
Net income	-	-	-	-
Distributions	-	-	-	-
Balance at 30 June 2015	12,819	-	-	12,819
Total				
Balance as at 1 July 2014	41,584	215,815,054	52,766,258	268,622,896
Net income	-	-	8,777,511	8,777,511
Distributions	-	(27,519,244)	-	(27,519,244)
Balance at 30 June 2015	41,584	188,295,810	61,543,769	249,881,163

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.
(REGISTERED NUMBER: LP11883)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 €	2015 €
Net cash from operating activities	22 (i)	18,607,137	24,882,556
Net cash used in investing activities	22 (ii)	(16,810,296)	62,935,464
Net cash inflow before financing		1,796,841	87,818,020
Net cash used in financing activities	22 (iii)	(46,854,499)	(33,478,746)
Net (decrease)/increase in cash and cash equivalents		(45,057,658)	54,339,274
Cash and cash equivalents at 1 July		70,286,171	15,946,897
Cash and cash equivalents at 30 June		25,228,513	70,286,171

The notes on pages 20 to 53 form part of these Consolidated Financial Statements

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General Information

The Partnership was established as Alternative Property Income Venture, L.P. by an original Limited Partnership Agreement dated 26 February 2007 and subsequently amended on 6 March 2007 and 3 July 2007. It is registered as a Limited Partnership in England under the Limited Partnership Act 1907 with registration number LP11883. The principal place of business is at 155 Bishopsgate, London, EC2M 3XJ.

2. Statement of compliance and transition to FRS 102

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the UK and Republic of Ireland (“FRS 102”), and the requirements of the Companies Act 2006 as applied to limited partnerships by the Limited Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Limited Partnership has taken advantage of the exemption in section 408 of the Companies Act to disclose its individual profit and loss account.

These financial statements for the year ended 30 June 2016 are the Partnership’s first financial statements that comply with FRS 102, the Partnership’s date of transition to FRS 102 is 1 July 2015. Note 29 describes the impact on reported Statement of Comprehensive Income and Statement of Changes in Equity from transition to FRS 102.

3. Summary of significant accounting policies

Basis of preparation

The Partnership and the Consolidated Financial Statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and in accordance with the Companies Act 2006 as applied to qualifying Partnership by the Partnership (Accounts) regulation 2008 and applicable accounting standards in the United Kingdom. These accounting policies have been consistently applied to all periods presented, unless otherwise stated. The Board of Directors of the General Partner approved the second year extension of the Group, from 3rd September 2016 to 2nd September 2017. The Board of Directors of the General Partner will further extend the Fund until all the assets are sold. At the date of signing the financial statements, the Board believes that it will take more than 12 twelve months to sell the remaining investment properties. The Board therefore considers it is appropriate to prepare the Consolidated Financial Statement on a going concern basis.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements. Management believe that the underlying assumptions are appropriate.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), to prepare a Statement of Cash Flows, on the basis that it is a qualifying entity and its ultimate Partnership accounts includes the company’s cash flows from its own consolidated financial statements.

Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Partnership and its subsidiary undertakings (together the “Group”).

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Acquisitions of subsidiaries are accounted for either as a business combination or an asset acquisition. When determining if an acquisition qualifies as a business combination, management considers if the transaction includes the acquisition of the supporting infrastructure, employees, service provider agreements, active lease agreements, and other important inputs and processes of the acquired subsidiary to produce the required output. If the acquisition does not significantly involve the transfer of the previously mentioned factors, the acquisition is treated as an asset acquisition.

Turnover

Turnover is comprised of property rental income. Rental income is recognised on an accrual basis under the terms of ongoing leases. Any incentives for lessees to enter into lease agreements are treated as capital cost and amortised over the entire lease period. Rental income is accounted for from the commencement date of any rent-free period. The cost of all lease incentives (such as rent-free periods) are therefore offset against the total rent due. The net rental income is then spread over the entire period of the lease, from the inception of the lease to the lease end date.

Revenue recognition

Rental income and other income are categorised as revenue in the Statement of Comprehensive Income. The weighted average lease term for the Group's directly held investment property is 16.5 years (30 June 2015: 13.75 years). At the year-end date, the Group had contracted tenants for the following future minimum lease payments:

	2016	2015
	€	€
No more than 1 year	29,445,746	29,204,836
Later than 1 year and no more than 5 years	115,540,201	115,939,746
Later than 5 years	318,957,413	256,313,367
	<u>463,943,360</u>	<u>401,457,949</u>

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be readily measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates and sales taxes and duty. Specific income is recognised as follows:

- Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises,
- Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis,
- Interest income is recognised as it accrues using the effective interest rate method,
- Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the Directors consider that the Group acts as a principal in this respect, and
- A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchange, sales are recognised only when all the significant conditions are satisfied.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

3. Summary of significant accounting policies (continued)

Foreign Currencies

(a) Functional and presentation currency

The Group financial statements are presented in Euros as this is the Partnership's functional currency, being the primary economic environment in which it operates

(b) Transactions and balances

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") The Consolidated Financial Statements are presented in Euros (€)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income

Loan Interest

Loan interest is accrued on a daily basis from the date of the drawdown of the Advance until the date of repayment Interest unpaid on the relevant Interest Payment Date is compounded and is subjected to future interest calculations

Borrowings

Borrowings are initially recognised at the fair value net of any transaction costs directly attributable to the issue of the instrument Such interest bearing facilities are subsequently measured at amortised costs using the effective interest rate method, which measures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position "Interest expense" in this context includes the initial transaction costs and premia payable on redemption, as well, as any interest or coupon payable while the liability is outstanding

Finance costs

General and specific finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of these assets until such time as the assets are substantially ready for their intended use or sale All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they incurred

Going concern

After reviewing the financial statements of the Partnership for the year ended 30 June 2016, the General Partner has a reasonable expectation that the Partnership has adequate resources and future anticipated income to meet its obligations for the foreseeable future Accordingly, the Partnership continues to adopt the going concern basis in preparing the financial statements All the remaining investment properties will not all be sold before the Fund's anticipated extension date, being 2 September 2017 The Partnership and its subsidiary undertakings is in its liquidation phase The Fund termination date is set in September 2017 (1st extension until September 2016 was exercised in September 2015 and the second extension was exercised in September 2016) Nonetheless, the Board of Directors will further extend the Fund's life until all the assets are sold As at 30 June 2016, 23 German properties were classified as non-current assets held for sale After the reporting period, the cinema, located in Hamburg Germany, was sold More details about this disposal are disclosed in note 27 The remaining properties are actively being marketed It will take more than 12 months after signing the financial statements to sell the remaining assets The Fund's main objective is to sell its remaining investment properties and hence the Fund will not be closed on the second extension date being 2 September 2017 Further detail on the liquidation phase and going concern is provided in note 3 and in and in the General Partners' report

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

3. Summary of significant accounting policies (continued)

Interest receivable

Interest receivable and similar income is recognised on an accrual basis

Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property comprises buildings, freehold land and leasehold land. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at historical cost, including related transaction costs and borrowing cost. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property including investment property under construction, is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. For completed investment property, these valuations are performed on acquisition and then on a quarterly basis by the Group's Independent Appraiser, CBRE.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property, others, including contingent rent payments, are not recognised in the Consolidated Financial Statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Comprehensive Income during the financial year in which they are incurred.

Changes in fair values are recorded within the Statement of Comprehensive Income as gains or losses from fair value adjustment on investment property.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the disposal of investment property are recognised in the Consolidated Statement of Comprehensive Income in the year of disposal.

Gains and losses on the disposal of investment property are determined as the difference between net sales proceeds received and the latest valuation of the investment property.

Cash and cash equivalents

Cash and short term deposits in the Consolidated and Company Statement of Financial positions comprise cash at bank and short term deposits with an original maturity of three months or less. For the purposes of the Consolidated and Company Statements of Cash Flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

3. Summary of significant accounting policies (continued)

Derivatives and hedging

The Group may use interest rate hedging instruments to hedge its risks associated with interest rates. It is not the Group's policy to trade in derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Impairment of financial assets

Indicators of impairment are reviewed for all investment properties and financial assets at each reporting date. Such indicators include significant financial difficulties/losses in the Group undertakings, or significant decline in fair value of investment properties and financial assets of the Group undertakings. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that an asset is impaired. If it is deemed based on the above indicators that fair value of investment properties and financial assets of the Group undertaking fair value have recovered any previous impairment is written back.

Expenses

Expenses are accounted for on an accruals basis. Expenses arising from the establishment of the Partnership and from the admission of Partners to the Partnership are written off as incurred. Expenses re-charged to customers are recognised on an accruals basis in the period during which the expense can be contractually recovered, net of any sales tax.

Financial instruments

The Partnership has chosen to adopt FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets include debtors, cash at bank and in hand, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the interest method. At the end of each reporting period the financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income. If there is a decrease in the impairment loss arising from an event occurring after the impairment is recognised, the impairment is reversed. The impairment reversal is recognised in the Statement of Comprehensive Income. Other financial assets are measured at fair value. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Financial liabilities

Basic financial liabilities, include trade and other payables, bank loans, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for doubtful debts, through an allowance account. The provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default on a case by case basis, are considered. The amount of the provision 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.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

3. Summary of significant accounting policies (continued)

Creditors

Creditors represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade creditors are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment, but for which the goods or services have been received. These liabilities are initially recognised at fair value and subsequently at amortised costs using the effective interest method.

Taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in equity.

(a) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is measured on a non-discounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the Statement of Financial Position date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Provision is made for tax on gains arising from revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over in to replacement assets, only to the extent that, at the Statement of Financial Position date, there is a binding agreement to dispose of the asset concerned. However, no provision is made where, on the basis of all available evidence at the Statement of Financial Position date, it is more likely than not that the taxable gain will be rolled over in to replacement assets and charged to tax only when the replacement asset is sold.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

3. Summary of significant accounting policies (continued)

Taxes (continued)

(b) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position in the countries where the Group's subsidiaries and associates operate and generate taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Distribution

Distribution to the Group's investors is recognised as a reduction in the net assets attributable to Group investors and as a liability in the Group's Consolidated Financial Statements in the period in which the distributions are approved by the Group's investors.

Fair value estimation

Effective from 1 July 2015, the Group adopted the fair value hierarchy under FRS 102 "for financial instruments that are measured in the Consolidated Statement of Financial Position at fair value". A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement:

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

The joint venture investments are measured at fair value and fall within Level 3 of the measurement criteria as mentioned above. The General Partner and managers of the Group believe that the value of the individual assets and liabilities of such joint ventures, measured in accordance with IFRS then assessed for its consistency with FRS 102, represents the fair value of the related investments.

The carrying value of other financial assets and liabilities approximate their fair values. Carrying values of creditors and debtors which are short term in nature are assumed to approximate their fair values. The fair value of other long term financial liabilities and assets, for disclosure purposes, is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting year.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

3. Summary of significant accounting policies (continued)

Assets and liabilities measured at fair value

At 30 June 2016	Level 1	Level 2	Level 3	Total
€		€	€	€
Investment properties	-	-	350,712,000	350,712,000
Financial asset at fair value	-	603,380	-	603,380
Interest rate swap	-	(1,001,552)	-	(1,001,552)
	-	(398,172)	350,712,000	350,313,828

At 30 June 2015	Level 1	Level 2	Level 3	Total
€		€	€	€
Investment properties	-	-	353,932,000	353,932,000
Financial asset at fair value	-	1,041,907	-	1,041,907
Interest rate swap	-	(1,536,671)	-	(1,536,671)
	-	(494,764)	353,932,000	353,437,236

4. Critical accounting judgements and sources of estimation uncertainty

In applying the Partnership's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumption, the actual results and outcome may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

4. Critical accounting judgements and sources of estimation uncertainty (continued)

Critical judgments in applying the Partnership's accounting policies

The critical judgments that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statement are discussed below

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher the value in use and its fair value less costs to sell) the asset is written down accordingly.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year as discussed below

Establishing fair value of investment properties

When the fair value of investment properties cannot be measured based on the price of a recent transaction for an identical asset or liability, their fair value is measured using the valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as market rent, vacancy rate, yield requirement and inflation. Changes in assumptions about these factors could affect the reported fair value of investment properties. These valuations are regularly compared to the actual market yield of data and actual transactions by the Partnership and those reported by the market. Further detail on the fair value of investment properties is provided in accounting policies "fair value estimation" and note 11.

Fair value of derivative financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgments to select a variety of methods and make assumptions that are mainly based on the market conditions existing at the end of each reporting period.

5. Financial management

The Group's activities expose it to a variety of financial risks: foreign exchange risk, market price risk, interest rate risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through Statement of Comprehensive Income, trade and other receivables, cash and cash equivalents, loan receivable, restricted cash reserve, trade and other payables and borrowings.

(a) Foreign exchange risk

Currency risk is limited as the Group operates predominantly within the Eurozone and most of the transactions and balances in the Consolidated Financial Statements are Euro denominated. Where the Group enters into transactions outside of the Eurozone, it considers where appropriate, apply a hedging strategy designed to minimise exposure to fluctuations in currency. Such strategy is reviewed periodically.

The Group has an investment in a joint venture (Otel Europe S à r l) which was acquired on 19 June 2008 and is accounted for at fair value through the Statement of Comprehensive Income. The relevant reporting currency of the underlying investment of the joint venture (accounted for as a financial asset at fair value through Statement of Comprehensive Income) is the Swiss Franc. The Group is exposed to possible changes in fair value of the related

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

5. Financial management (continued)

(a) Foreign exchange risk (continued)

investment due to changes in currency exchange rates. However, the Management of the Group considers that there is limited currency exchange risk related to the asset since it represents a small proportion of the Group's total assets (0.17% as of 30 June 2016, 0.25% as of 30 June 2015) and the intermediate Joint Venture holding company, Oteli Europe S à r l, has executed a currency option to hedge the Swiss Franc equity exposure.

The main asset contained within the Oteli Europe investment (of which APIV holds one third interest) as at 30 June 2016 is cash. As at 30 June 2016 the prevailing closing Euro Swiss Franc exchange rate was 1.0867 (30 June 2015: 1.0413). Assuming an exchange rate fluctuation of +/- 10.0% from this date, with all other variables held constant, the resulting fair value movement would be €54,853 decrease / €37,907 increase respectively of the related financial asset at fair value through the Statement of Comprehensive Income and the pre-tax profit, with a decrease / increase in the Group's net asset value of the same amount (30 June 2015: €94,719 decrease / €115,767 increase respectively).

(b) Market price risk

The Group is exposed to price or fair value risk relating to financial assets at fair value through Statement of Comprehensive Income. Price or fair value risk arises because the Group values such assets at fair value and as a result, any fluctuation in the fair value of these investments will impact the Consolidated Statement of Comprehensive Income of the Group (through gain or loss from fair value adjustment on financial assets) and the carrying value of the assets. The Management of the Group believes that there is limited exposure in relation to this risk since the investment in joint venture represents only 0.17% (30 June 2015: 0.25%) of the Group's assets. The Management of the Group, however, continuously monitors this risk exposure and will implement appropriate actions as necessary to counter this risk.

(c) Interest rate risk

As the Group does not seek to retain significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings from third party lenders. Most of the borrowings are at fixed rate. Borrowings issued at variable rates expose the Group to interest rate risk. The Group monitors closely interest rate changes and regularly reviews its hedging strategy.

The financing for the Eroski portfolio has been hedged to protect against adverse interest rate movements, currently paying floating rate interest at a rate of 3M EURIBOR plus a margin of 275bps. The loan is currently hedged using a long term swap at a rate of 3.008%.

(d) Credit risk

Credit risk mainly arises from cash and cash equivalents, financial assets at fair value through Statement of Comprehensive Income, and other current assets. Credit risk is managed on a Group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties and to geographical and industry segments. Such risks are subject to periodic review. The Group monitors the selection of banks and financial institutions which hold the Group's cash and deposits. Cash transactions are limited to high credit-quality financial institutions.

Under the Group's credit risk policy, rental contracts are undertaken as far as possible with tenants with an appropriate credit history with Dun & Bradstreet A-D ratings (or the equivalent). If there is no independent rating available, an assessment of the credit quality of the tenant is undertaken, taking into account its financial position, past experience and other factors.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

5. Financial management (continued)

(d) Credit risk (continued)

The Group believes that the credit quality of the existing counterparties and the corresponding balances in relation to the above-mentioned financial assets are within the credit quality limits in each case, set for counterparties as determined by the Group's Management

At the reporting date, the financial assets exposed to credit risk amounted to the following

At 30 June 2016	Within one year	1 - 2 years	More than 5 years	Total
	€	€	€	€
Cash at bank and in hand	25,228,513	-	-	25,228,513
Trade and other debtors	9,929,037	247,697	-	10,176,734
Financial asset at fair value through profit or loss	-	603,380	-	603,380
	35,157,550	851,077	-	36,008,627

At 30 June 2015	Within one year	1 - 2 years	More than 5 years	Total
	€	€	€	€
Cash at bank and in hand	70,286,171	-	-	70,286,171
Trade and other debtors	9,997,324	-	361,548	10,358,872
Financial asset at fair value through profit or loss	-	-	1,041,907	1,041,907
	80,283,495	-	1,403,455	81,686,950

The General Partner and the management of the Group's review bad debts on a regular basis and take necessary action to remedy any significant credit risk. Action is taken to recover any amounts owed.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

5. Financial management (continued)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's liquidity position is monitored on a monthly basis.

The table below provides liquidity analysis on payment obligations as of 30 June 2016 based on the remaining contractual maturity (undiscounted)

At 30 June 2016	Less than three months	Between 3 months and less than 1 year	1 - 5 years	More than 5 years	Total
	€	€	€	€	€
Interest bearing loans	-	946,000	81,009,765	-	81,955,765
Trade and other creditors	11,653,684	-	9,856,802	-	21,510,486
	<u>11,653,684</u>	<u>946,000</u>	<u>90,866,567</u>	<u>-</u>	<u>103,466,251</u>

At 30 June 2015	Less than three months	Between 3 months and less than 1 year	1 - 5 years	More than 5 years	Total
	€	€	€	€	€
Interest bearing loans	-	6,007,685	83,133,573*	-	89,141,258
Trade and other creditors	15,595,345	-	8,570,725	-	24,166,070
	<u>15,595,345</u>	<u>6,007,685</u>	<u>91,704,298</u>	<u>-</u>	<u>113,307,328</u>

*In line with the new UK GAAP ('FRS 102'), interest bearing loans due after one year have been restated to only include borrowings. Previously, this included non-controlling interest of €72,719,089 which are now presented under the capital and reserves in the Consolidated Statement of Financial Position. As a result this, interest bearing loans due after one year figure has been reduced from €155,852,662 to €83,133,573.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

5. Financial management (continued)

(f) Capital risk management

For the purpose of this section, capital means net assets attributable to Group shareholders

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide return for investors in accordance with the Group's policy. It is intended that the Group will not incur long term borrowings which would cause the total long-term indebtedness of the Group, once fully invested, to exceed approximately 70% of the higher of the two following amounts

- (i) the total appraised value of the Group's portfolio, and
- (ii) the aggregate acquisition cost of the Group's portfolio

The level of long term borrowing in respect of any individual property of the Group will not typically exceed 80% of either

- (j) its forecast budget for development, or
- (ii) the appraised value for the completed property, measured as at the time of the acquisition

6. Expenditure

Operating Profit is stated after charging

(a) Audit fees	2016	2015
	€	€
Fees payable to Partnership auditor for the audit of the Partnership and Consolidated Financial Statements	70,355	64,050
Fees payable to the Partnership subsidiary undertakings auditor	404,612	566,974
	<u>474,967</u>	<u>631,024</u>
No fees were for non-audit work		
(b) Cost of sales	2016	2015
	€	€
Property Expenses	1,297,814	1,117,337
Management Fees	2,875,489	3,179,404
	<u>4,173,303</u>	<u>4,296,741</u>
(c) Management fees	2016	2015
	€	€
Property management fees	814,782	790,298
Asset management fees	2,060,707	2,389,106
	<u>2,875,489</u>	<u>3,179,404</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

6. Expenditure (continued)

(d) Administrative expenses

	2016	2015
	€	€
Audit fees	474,967	631,024
Tax advisor and accounting fees	1,057,216	1,021,651
Legal fees	480,940	252,231
Administrative and domiciliation fees	521,787	349,017
Other expenses	581,074	3,205,053
Other professional fees	1,510,117	112,027
	<u>4,626,101</u>	<u>5,571,003</u>

The Partnership had no employees during the year (2015 nil)

7. Finance costs

	2016	2015
	€	€
Bank interest	2,994,609	3,609,769
Shareholder loan interest (note 24c)	2,521,050	2,952,415
	<u>5,515,659</u>	<u>6,562,184</u>

8. Finance income

	2016	2015
	€	€
Investor's share of its Joint Venture interest income	273,856	1,190,738

9. Other finance costs

	2016	2015
	€	€
Amortisation of debt issue costs	188,590	227,276
Bank charges	161,722	135,398
	<u>350,312</u>	<u>362,674</u>

10. Tax on profit on ordinary activities

The Partnership as a transparent entity is not subject to UK income tax. Where relevant for UK tax purposes each Limited Partner is required to report on its tax return its share of the income, gains, losses, deductions and credits of the Partnership. A Partner is taxable on Partnership income or gain whether or not any distribution of money or property is made to the Partner during its fiscal year. It is possible that a Limited Partner's income or tax liability related to transactions by the Partnership could exceed amounts distributed to such Limited Partner in a particular year. The country in which an investment is made may impose withholding tax on dividends and interest paid to the Partnership and may tax gains on investments made by the Partnership in that country. Partners resident in countries with appropriate double taxation treaties may be entitled to reclaim part or all of any such tax withheld or paid. Limited Partners subject to tax in jurisdictions other than the UK may be taxed by their home tax authority differently than UK partners.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

10. Tax on profit on ordinary activities (continued)

The following shows the tax liability of the subsidiaries of the Partnership

	2016	2015
	€	€
Current Tax		
Income Tax	<u>2,468,806</u>	<u>1,400,241</u>
Total Current tax	<u>2,468,806</u>	<u>1,400,241</u>
Deferred Tax		
Origination and reversal of timing differences		
Foreign Tax	<u>1,313,479</u>	<u>2,224,118</u>
Total Deferred Tax	<u>1,313,479</u>	<u>2,224,118</u>
Tax on ordinary activities	3,782,285	3,624,359

The Group is taxable in Germany, Luxembourg, Spain and France with respective tax rate of 15.83%, 29.22%, 28.00% and 34.43% no significant changes in corporation tax rates occurred during the year

The reconciliation between the income tax expense and the simple product between the profit before tax and the weighted average applicable income tax rate is as follows

	2016	2015
	€	€
Operating Profit before taxation	16,671,940	14,734,272
Weighted average applicable income tax rate	<u>23.32%</u>	<u>23.32%</u>
Income tax benefit at weighted average applicable income tax rates	3,887,896	3,436,032
Effect of		
Gains having no tax consequences for the current year	(655,292)	(1,385,883)
Expense not deductible for tax	316,614	2,458,952
Other differences	<u>233,067</u>	<u>(884,742)</u>
Total Tax	<u>3,782,285</u>	<u>3,624,359</u>

Deferred tax liabilities

	2016	2015
	€	€
Deferred tax liability payable after more than one year	<u>9,087,860</u>	<u>7,845,114</u>
	<u>9,087,860</u>	<u>7,845,114</u>

The gross movement on the deferred income tax account is as follows:

At the start of the year	7,845,114	5,366,768
Income statement charge	<u>1,242,746</u>	<u>2,478,346</u>
At the end of the year	<u>9,087,860</u>	<u>7,845,114</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

10. Tax on profit on ordinary activities (continued)

The gross movement on the deferred income tax account is as follows:

	2016	2015
	€	€
At the start of the year	361,548	107,320
Income statement charge	(113,851)	254,228
At the end of the year	247,697	361,548

The deferred tax asset and liability recognised during the year mainly pertains to differences arising from the fair valuation of the investment property and of the financial assets at fair value through the Statement of Comprehensive Income and their respective tax bases

In addition deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable

11. Investment Properties

	2016	2015
	€	€
Investment property - Freehold		
Balance brought forward at 1 July	322,077,000	330,045,000
Disposal	(1,360,000)	-
Capitalised subsequent expenditure	132,328	303,104
Unrealised loss from fair value adjustment on investment property	(3,187,328)	(8,271,104)
Balance carried forward at 30 June	317,662,000	322,077,000

	2016	2015
	€	€
Investment property - Leasehold		
Balance brought forward at 1 July	31,855,000	29,850,000
Unrealised gain from fair value adjustment on investment property	1,195,000	2,005,000
Balance carried forward at 30 June	33,050,000	31,855,000

	2016	2015
	€	€
Investment property - Total		
Balance brought forward at 1 July	353,932,000	359,895,000
Disposal	(1,360,000)	-
Capitalised subsequent expenditure	132,328	303,104
Net loss from fair value adjustment on investment property	(1,992,328)	(6,266,104)
Balance carried forward at 30 June	350,712,000	353,932,000

As at 30 June 2016, the Board has recognised assets held for sale of €285,435,000 consisting of €252,385,000 of freehold German investment properties and €33,050,000 of leasehold German investment properties

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

11. Investment Properties (continued)

The Group's investment properties were revalued at 30 June 2016 by CBRE, the Group's Independent Appraiser, a professionally qualified independent valuer. Valuations were prepared based on discounted cash flow projections and estimates. The General Partner and the Management of the Group believe that the carrying value of the investments is supported by their underlying net assets. During the year, a petrol station located in Lugo (one of the properties in Eroski Spanish portfolio) was sold for €1,800,000.

Where a discounted cash flow projections has been used the inputs into the process include

- Future rental cash flows based on actual location, type and quality properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties,
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows,
- Estimated vacancy rates based on current and expected market conditions after expiry of any current lease,
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life,
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date, and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents

12. Assets held for sale

Investment properties related to German properties portfolio are presented as held for sale as at 30 June 2016

	2016	2015
	€	€
Asset held for sale		
Investment property	285,435,000	-
Loan receivable	27,000	-
Trade and other receivables	1,100,000	-
Other current assets	10,710	-
Cash and cash equivalents	153,203	-
Total assets classified as held for sale at 30 June	286,725,913	-

Based on the inputs to the valuation technique used, the fair value measurement of investment properties has been categorised as Level 3 fair value, with no change to the valuation technique since last year.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

13. Investment in Joint Venture

	Fair value at 30 June 2015	Repayment	Unrealised profit	Disposal of shares	Fair value at 30 June 2016
	€	€	€	€	€
Interest in Oteli Europe S à r l Joint Venture (Accor Swiss portfolio)	1,041,907	(466,620)	28,093	-	603,380
Financial assets at fair value through profit or loss	1,041,907	(466,620)	28,093	-	603,380

	Fair value at 30 June 2014	Repayment	Unrealised loss	Disposal of shares	Fair value at 30 June 2015
	€	€	€	€	€
Interest in Oteli Europe S à r l Joint Venture (Accor Swiss portfolio)	24,340,490	(22,888,559)	(410,024)	-	1,041,907
Interest in Oteli France S A S Joint Venture (Accor French portfolio)	38,964,673	-	-	(38,964,673)	-
Financial assets at fair value through profit or loss	63,305,163	(22,888,559)	(410,024)	(38,964,673)	1,041,907

On 19 June 2008, the Group acquired a one third interest in two joint venture entities involved in the acquisition of 49 hotels from the Accor group which comprised the first phase of a wider planned portfolio acquisition of 56 hotels in total. The transaction was a sale and lease-back under operating lease and the properties will continue to be operated by the Accor group under the Novotel, Mercure, MGallery, All Seasons, Ibis Style (ex All Seasons), Ibis, Ibis Budget (ex Etap Hotel) and Formule 1 brands.

During the second quarter of 2014, the Group completed the successful disposal of the Oteli Swiss portfolio comprising of 11 hotels in Switzerland, that was acquired in 2008. The disposal was concluded by way of a share deal. Oteli Europe S à r l signed a share purchase agreement for all the shares held in the subsidiaries. On 30 October 2014, the Group received a total account of €22,888,559.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

13. Investment in Joint Venture (continued)

The Accor portfolio was composed of 45 hotels in France, which was also acquired in 2008. As at 30 June 2015, the Accor French portfolio was sold through the disposal of the shares of Orientex Holdings S A S, the vehicle used to acquire the one third share for €49,238,127, realising a total gain of €5,863,112. In accordance with the Sale and Purchase agreement, the buyer has a period of 50 days starting from 3 September 2015 to challenge the final purchase price. The additional amount of €3,089,123 has been received on 26th November 2015 which was recognised in the consolidated Statement of Comprehensive Income as at 30 June 2015.

14. Shares in Group Undertakings

The Partnership has investments in the subsidiary undertaking listed below which principally affected the profits or net assets of the Group.

	2016 €	2015 €
Balance at 1 July	549,250	549,250
Addition during the year at cost	-	-
Balance at 30 June	549,250	549,250

(a) Subsidiary undertaking

Name of Company	Alternative Property Income ELP Subco S à r l
Shares	21,970 (2015: 21,970) ordinary shares
% held by Partnership	100%

(b) Alternative Property Income ELP Subco S à r l is a company incorporated under the laws of Luxembourg as a Société à Responsabilité Limitée.

A share in group undertaking is stated at cost. As permitted by section 615 of the Companies Act 2006, where the relief afforded under section 612 of the Companies Act 2006 applies, cost is aggregated of the nominal value of the relevant number of the Partnership's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertaking.

The members believe that the carrying value of the investments is supported by the underlying net assets.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

15. Loans to Group Undertakings

	Convertible Loan Agreement	Shareholder Loans (A Loans)	Subordinated Shareholder Loans (B Loans)	Total
	€	€	€	€
Loan at Cost				
Balance at 1 July 2015	62,966,688	78,475,747	106,370,027	247,812,462
Capitalised Interest during the year	1,562,553	3,334,114	2,596,458	7,493,125
Repaid during the year	-	(14,956,854)	(24,477,188)	(39,434,042)
Balance at 30 June 2016	64,529,241	66,853,007	84,489,297	215,871,545
Net Book Value				
At 30 June 2016	64,529,241	66,853,007	84,489,297	215,871,545
At 30 June 2015	62,966,688	78,475,747	106,370,027	247,812,462

Further details on loan to Group Undertakings is provided in note 24

16. Debtors

Debtors – amounts falling due within one year	2016	2015
The Group	€	€
Trade Debtors*(note 19)	6,315,582	4,795,726
Prepayments	2,754,096	1,785,304
Accrued income	859,359	3,382,122
Accrued interest on loan receivable	-	34,172
	9,929,037	9,997,324
Debtors – amount falling due after more than one year		
Deferred tax asset	247,697	361,548
Total Debtors	10,176,734	10,358,872

Trade debtors are composed of receivables from tenants and agents as of 30 June 2016. A provision for bad debtors has been included in the financial statements amounting to €2,966,851 as at 30 June 2015. During the year, the provision was partially reversed for a total amount of €1,213,868 following the renegotiation of the lease agreements with the tenants. The remaining balance of €1,753,983 related to the property Zelhendorf was impaired during 2016.

Trade and other debtors are interest free. The estimated fair value of the receivables approximate their carrying amounts.

Credit risk is concentrated within the Eurozone where in the Group's operations are primarily conducted. No one tenant contributes to the majority of revenue received by the Group.

* Debtors attributable to assets held for sale as at 30 June 2016 were €1,137,710 (refer to note 12 "Assets held for sale").

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

16. Debtors (continued)

	2016	2015
	€	€
The Partnership		
Amounts owed by group undertakings	84,591	57,127
Special Limited Partner Capital Contribution	-	12,819
	<u>84,591</u>	<u>69,946</u>

Under the terms of the Partnership Agreement, the Special Limited Partner is required to make a commitment of an amount equal to 30% of the total capital contributions to the Partnership. The estimated fair values of the debtors are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

17. Creditors - amounts falling due within one year

	2016	2015
	€	€
The Group		
Borrowings	946,000	6,007,685
Trade Creditors (note 19)	778,269	1,123,853
Other creditors	6,850,552	10,810,988
Accruals and deferred income	3,122,772	2,123,834
	<u>11,697,593</u>	<u>20,066,360</u>
The Partnership		
Unpaid distribution	-	4,933,603*
Accruals and deferred income	75,431	123,902
	<u>75,431</u>	<u>5,057,505</u>

*Distribution was paid on 2 July 2015

Apart from borrowings due within a year, other creditors due within a year are non-interest bearing and are settled within normal business terms. The Directors consider the carrying amount of trade creditors, other creditors and accruals approximate to their fair value. Trade creditors include administration fees payable to third party service providers, costs incurred in relation to various due diligences and other general amounts pertaining to the operation of the subsidiaries. Creditors include accrued acquisition costs of €71,085 (30 June 2015: €19,234) in relation to the Eroski portfolio and Port Frejst project.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

18. Creditors - amounts falling due after more than one year

	2016	2015
	€	€
The Group		
Borrowings	81,009,765	83,133,573*
Interest Rate Hedge	1,001,552	1,536,671
Tenant deposits	768,942	725,611
	<u>82,780,259</u>	<u>85,395,854</u>

The Group has pledged investment valued at €350,712,000, consisting of investment property of €65,277,000 and non-current assets held for sale of €285,435,000 at 30 June 2016 (30 June 2015 investment property of €353,932,000 and nil non-current assets held for sale) to secure borrowings. The security is given in the form of mortgages over the respective properties on which they are secured. Management believes that the fair values of the above borrowings approximate to their carrying value.

*As per FRS 102, the non-controlling interest of €72,719,089, previously classified under Borrowings, is now classified under Capital and reserves in the Statement of Financial Position. Borrowings as at 30 June 2015 have been restated as a result.

19. Non-current assets held for sale

Total assets classified as held for sale

	2016	2015
	€	€
Investment property	285,435,000	-
Loan receivable	27,000	-
Trade and other receivables	1,100,000	-
Other current assets	10,710	-
Cash and cash equivalents	153,203	-
	<u>286,725,913</u>	<u>-</u>

Total liabilities directly associated with assets classified as held for sale

	2016	2015
	€	€
Borrowings	60,510,212	-
Trade and other payables	99,461	-
	<u>60,609,673</u>	<u>-</u>

As at 30 June 2016, the Group classified assets and liabilities of 23 German properties as non-current assets held for sale. Property Zelhendorf will be sold through a disposal of shares. There were no non-current assets held for sale as at 30 June 2015.

The 23 German properties, categorised as “assets held for sale”, consist of 1 cinema, 9 rehabilitation clinics and 13 nursing homes. The sale occurs in the context of the fund's termination date. The German assets held for sale fall under the leisure and healthcare segment of the Fund's portfolio.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

20. Borrowings

	2016	2015
	€	€
The Group		
Amounts falling due within one year - Bank loans	<u>946,000</u>	<u>6,007,685</u>
Amounts falling due after more than one year		
Bank loans – Investment property (note 19)	<u>81,009,765</u>	<u>83,133,573</u>
Interest Rate Hedge	<u>1,001,552</u>	<u>1,536,671</u>
	<u>82,011,317</u>	<u>84,670,244</u>
 Total Borrowings	 <u>82,957,317</u>	 <u>90,677,929</u>

Management considers that the amortised cost of the above mentioned borrowings approximates their carrying values at the Statement of Financial Position date as the interest rates charged reflect current market conditions

Bank Debt	2016	2015
	€	€
The Group		
Amounts falling due within one year - Bank loans	<u>946,000</u>	<u>6,007,685</u>
Amounts falling due after more than one year – Bank loans	<u>20,499,553</u>	<u>83,133,573</u>
Amounts falling due after more than one year – Loan directly associated with non-current assets classified as held for sale (note 19)	<u>60,510,212</u>	<u>-</u>
Total Bank loans	<u>81,955,765</u>	<u>89,141,258</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

20. Borrowings (continued)

As at 30 June 2016, the Group had the following outstanding loans payable

Nature	Issuer	Lender	Maturity date	Interest rate	Carrying value as at 01/07/2015 in EUR	Debt issue costs	Reimbursement (Principal paid) in EUR	Carrying value as at 30/06/2016 in EUR (net of debt issue cost)
Short term bank loan	Bank für Sozialwirtschaft AG	Marseille Kliniken Portfolio	30/09/2017	Fixed rate of 2.98%	27,368,311	-	(1,292,782)	26,075,529
Short term bank loan	Volksbank Sharding reg. Gen. m. b. H.	Grafenau Properties S. a. r. l.	01/01/2016	3 month interest Euribor + 1.25%	3,104,066	-	(3,104,066)	-
Short term bank loan	Bank für Sozialwirtschaft AG	Sellin Properties S. a. r. l.	30/06/2017	Fixed rate of 1.36%	7,350,490	3,395	(327,496)	7,026,389
Short term bank loan	Bank für Sozialwirtschaft AG	Oberstaufen Properties S. a. r. l.	30/06/2017	Fixed rate of 1.36%	3,102,209	1,563	(138,352)	2,965,420
Short term bank loan	Bank für Sozialwirtschaft AG	Scheidegg Properties S. a. r. l.	30/06/2017	Fixed rate of 1.96%	6,050,117	6,638	(289,400)	5,767,355
Short term bank loan	Bank für Sozialwirtschaft AG	Schwedeneck Properties S. a. r. l.	30/06/2017	Fixed rate of 1.36%	3,743,619	1,839	(166,801)	3,578,657
Long term bank loan	Bank für Sozialwirtschaft AG	Seniorenpark Gadenstedt GmbH & Co. KG	23/04/2036	Fixed rate of 4.49%	3,947,165	-	(105,331)	3,841,834
Long term bank loan	La Caixa, BBVA, Banesto & Bankco Santander	Eroski Portfolio	23/05/2018	3 month interest Euribor + 2.75%	23,050,719	145,155	(1,750,321)	21,445,553
Long term bank loan	Bank für Sozialwirtschaft AG	Seniorenpark Nienhagen GmbH	04/07/2037	Fixed rate of 3.34%	2,379,003	6,250	(41,935)	2,343,318
Long term bank loan	Bank für Sozialwirtschaft AG	Seniorenpark Meine GmbH	04/07/2037	Fixed rate of 3.34%	4,281,518	11,250	(74,796)	4,217,972
Long term bank loan	Bank für Sozialwirtschaft AG	Seniorenpark Dorfzentrum Haemelerwald GmbH	04/07/2037	Fixed rate of 3.34%	4,764,041	12,500	(82,803)	4,693,738
Total					89,141,258	188,590	(7,374,083)	81,955,765

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

20. Borrowings (continued)

Derivative financial instruments

Portfolio / Country	Bank	Hedge type	Floating rate Euribor	Effective Date	Maturity Date	Fixed rate	Nominal €	2016 €	Impact for the year €	2015 €
Eroski / Spain	La Caixa, BBVA, Banesto & Banco Santander	Interest rate swap	3 months + 2.75%	23/05/2011	23/05/2018	3.0080%	21,548,748	(1,001,552)	535,119	(1,536,671)
Total							21,548,748	(1,001,552)	535,119	(1,536,671)

The loan for the Eroski portfolio has been hedged to protect against the adverse interest rate movements and is currently paying floating rate as stated above

21. Provisions for liabilities

Deferred Tax

The deferred tax asset and liability recognised during the year mainly pertains to differences arising from the fair valuation of the investment property and of the financial assets at fair value through the Statement of Comprehensive Income and their respective tax bases. The movement in the deferred tax liability is shown in note 10.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Management based the recognition of deferred tax assets on a business plan and on its current operations, which is reviewed and monitored on a regular basis. If required, the business plan will be updated for new developments and assumptions that may have a significant effect. As at 30 June 2016, where deferred tax assets have been recognised, Management believes that the future outlook of the business is strong enough to generate taxable profits in the future.

Based on Management's current assessment of the probability of the realisation of the tax benefit, the Group has recognised deferred tax assets at 30 June 2016 of €247,697 (2015: €361,548).

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

22. Analysis of Cash Flow Statement

	2016	2015
	€	€
i Net cash flow from operating activities		
Profit for the financial year	12,889,655	11,109,912
Adjustments for		
Tax on profit on ordinary activities	3,782,285	3,624,359
Net interest expense	5,592,115	5,734,120
Operating profit	22,264,055	20,468,391
Realised gain on disposal of investment	(440,000)	-
Gain on disposal of financial assets at fair value	(592,752)	(5,863,112)
Unrealised loss at fair value	1,992,328	6,266,104
Unrealised gain/(loss) on joint venture	(28,093)	410,024
Unrealised gain on derivative financial instruments	(535,119)	(514,740)
Net cash generated from operating activities	22,660,419	20,766,667
Other non-cash movements	1,595,963	1,546,521
Tax paid	(2,425,688)	(1,400,241)
Working capital movement		
Decrease/(Increase) in debtors	40,194	(2,876,253)
(Decrease)/Increase in creditors	(3,263,751)	6,845,862
Net cash generated from operating activities	18,607,137	24,882,556
	2016	2015
ii Cash flow from investing activities	€	€
Interest received	273,856	163,704
Interest paid	(5,515,659)	(6,562,184)
Sale of investment in joint venture	-	63,305,163
Bank fees	(350,311)	(362,675)
Proceeds from disposal of investment properties	1,360,000	-
Capital expenditure on investment properties acquired through purchase of a subsidiary	(132,328)	(303,104)
Distribution to non-controlling interest	(15,365,062)	(10,730,916)
Transaction with non-controlling interest*	2,452,588	3,003,973
Repayment from Joint Venture	466,620	14,421,403
Net cash used in investing activities	(16,810,296)	62,935,464
	2016	2015
iii Cash flow from financing activities	€	€
Decrease in borrowings	(7,720,611)	(10,893,105)
Repayment of Loan to Partners	(39,133,888)	(22,585,641)
Net cash used in financing activities	(46,854,499)	(33,478,746)

*Transaction with non-controlling interest consists of capitalised interest of €2,452,588 (30 June 2014 €3,003,973)

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

22. Analysis of Cash Flow Statement (continued)

iv Analysis in net debt

	At 1 Jul 2015	Cash flow	At 30 June 2016
	€	€	€
Cash in hand and at bank	70,286,171	(45,057,658)	25,228,513
Debt due after 1 year	(84,670,243)*	2,658,926	(82,011,317)
Debt due within 1 year	(6,007,685)	5,061,685	(946,000)
	(20,391,757)	(37,337,047)	(57,728,804)

* In line with new UK GAAP ("FRS 102"), interest bearing loans due after one year have been restated to only include borrowings. Previously, this included non-controlling interest of €72,719,089 which are now presented under the capital and reserves in the Consolidated Statement of Financial Position. As a result this, interest bearing loans due after one year figure has been reduced from €155,852,662 to €83,133,573.

23. Contingent liabilities

Pledge agreement - Bank für Sozialwirtschaft ("BfS")

Pursuant to and in accordance with the Pledge Agreements annexed to the loan facility agreement dated 30 September 2013, the Company has granted an assignment of the non-certificated comprehensive land charge for a total amount of EUR 30,000,000 in favour of BfS, as well as a corporate security in total amount of EUR 40,000,000 and a pledge over the total rental income of the portfolio, amounting to EUR 6,427,770 for the year ended 30 June 2016.

24. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions or vice versa or where the Group and other parties are subject to common control or common significant influence. Related parties may be individuals or entities. The Group is a related party to the AXA Group as well as the Asset Management Company and Investment Advisor. Dorian Thomas and Ralph Wood are the directors of the Alternative Property Income Venture (General Partner) Limited and the key management personnel for the Limited Partnership. The General Partner carries out the management functions of the Limited Partnership, whose actions are governed by the Limited Partnership Agreement. The directors of the Alternative Property Income Venture (General Partner) Limited are not entitled to any remuneration (2015: nil).

The General Partner has appointed AXA Real Estate Investment Managers UK Limited, a company ultimately owned by the AXA group, to act as Real Estate Adviser with responsibility for day to day management and achieving the Partnership's objectives for the property. In the opinion of the directors of the General Partner, the Partnership and the General Partner are related parties of the Real Estate Adviser, under the conditions set out in FRS 102 "Related party disclosures". AXA Real Estate Investment Managers UK Limited is also the immediate parent company.

For its services, the Real Estate Adviser is entitled to an ongoing management fee of 0.55% per annum based on the Weighted Average Appraised Value of the Portfolio. In addition, the Real Estate Adviser was also appointed to provide advisory services to the Partnership specifically in connection with the acquisition of real estate investments. The Real Estate Adviser receives in return a fee based on the Acquisition Cost of a property payable at the rate of 0.50%.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

24. Related party transactions (continued)

The management fee and transaction fee payable by the Partnership shall be reduced by an amount equal to the fees payable to the Real Estate Adviser by Alternative Property Income Venture S C A and its property subsidiaries such that the total fees payable to the Real Estate Adviser will not exceed 0.55% per annum. For the year to 30 June 2016 all fees payable to the Real Estate Adviser have been charged to the Company and its related property subsidiaries and therefore there are no further fees payable by the Partnership to the Real Estate Adviser. Under the terms of the Partnership Deed, the Limited Partners are entitled to distributions from the income and capital accounts, after the General Partner's Profit Share as outlined in note 26.

(a) Management fee

The General Partner appointed AXA Real Estate Investment Managers UK Limited as a Real Estate Adviser (the "Real Estate Adviser") to provide advisory services to the Group in respect of the Group's real estate portfolio. The Real Estate Adviser receives in return a management fee based on the "Weighted Average Appraised Value of the Portfolio", using the annual rate of 0.55% together with reasonable expenses payable quarterly in arrears. The management fee shall be reduced by an amount equal to the fees payable to the Real Estate Adviser by the property subsidiaries such that the total fees payable by the Group to the Real Estate Adviser does not exceed 0.55% per annum. Total management fees for the year amounted to €2,060,707 (2015: €2,389,106) of which €769,375 (2015: €629,445) was outstanding as management fee accrued and payable to the Real Estate Adviser at the end of the year.

(b) Transaction fee

The General Partner appointed the Real Estate Adviser to provide advisory services to the Group specifically in connection with the acquisition of real estate investments. The Real Estate Adviser receives in return a fee based on the Acquisition Cost of a property, payable at the time of the acquisition at the rate of 0.50%. There was no transaction fee for the year (2015: €Nil).

(c) Board of Directors' remuneration

The total remuneration paid to the directors of the Company (based in Luxembourg) during the year was €24,000 (2015: €24,000), consisting only of fixed managers' fees. No remuneration was paid by the Group to those managers who are employed by the Real Estate Adviser or its associates.

(d) Accor portfolio - Interest and finance income

Restricted cash reserve requirement

As part of the financing arrangements relating to the Accor Portfolio (see note 13), during the financial year ended 30 June 2008 a total restricted cash reserve of €10,000,000 was required to be placed with Calyon for the life of the loan (seven years) entered into by Oteli Europe S à r l. The Group, Oteli France SPPICAV and CBI Orient S A S were required to contribute one third each. The cash reserve is remunerated at Euro Over Night Index Average (EONIA) less 0.15%. The Group's contribution to the cash reserve of €3,333,333 was recognised as a non-current asset in the Consolidated Statement of Financial Position. Following the sale of the shares of Orientex Holdings S A S, the cash reserve was transferred to the Company current account as at 30 June 2015.

(e) Shareholder loan interest

During the year, the Group made a part repayment of shareholder B loans of €24,477,188 (2015: €27,669,094). Shareholder A loans of €14,956,854 were also partly repaid during the year (2015: Nil).

During the year, the Group paid capitalised interest of €4,225,770 on shareholder loan A (30 June 2015: Nil) and €1,032,417 on shareholder loan B (30 June 2015: €4,033,329).

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

25. Subsidiaries

Directly owned by the Partnership at 30 June 2016.

Subsidiary	Country of Incorporation	Share Class	Ownership Interest	Principal Activities
Alternative Property Income ELP Subco S a r l	Luxembourg	Ordinary share	100.00%	Holding company

Indirectly owned by the Partnership at 30 June 2016:

Alternative Property Income Venture S C A	Luxembourg	Ordinary share	71.85%	Holding company
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Directly and Indirectly owned by the Company at 30 June 2016:

APIV S C S	Luxembourg	Ordinary share	94.80%	Holding company
APIV Holdings B V	Netherlands	Ordinary share	100.00%	Holding company
Bad Saeckingen Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Burg Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Defense Frejus S A S	France	Ordinary share	100.00%	Holding company
Grafenau Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Gruenheide Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Hamburg Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Altenhof Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Luxco Properties 7 S a r l	Luxembourg	Ordinary share	100.00%	Holding company
Medical Property Holdings S à r l	Luxembourg	Ordinary share	100.00%	Holding company
Oberstaufen Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Port Frejus S A S	France	Ordinary share	100.00%	Holding company
Scheidegg Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Schwedeneck Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Sellin Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company
Zehlendorf Properties S à r l	Luxembourg	Ordinary share	100.00%	Property company

There has been no new addition or disposal of subsidiaries during the year

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

25. Subsidiaries (continued)

Indirectly owned by the Partnership 30 June 2016 through Luxco Properties 7 S.à r.l., Medical Property Holdings S.à r.l., Defense Frejus S.A.S., Port Frejus S.A.S., and APIV Holdings B.V.:

Subsidiaries	Country of Incorporation	Share Class	Indirect Ownership Interest	Principal Activities
Seniorenzentrum Beteiligungs GmbH Germany	Germany	Ordinary share	100 00%	General Partner
Seniorenzentrum Gagenstedt GmbH & Co KG	Germany	Ordinary share	94 90%	Holding company
Seniorenpark Gagenstedt GmbH & Co KG	Germany	Ordinary share	99 74%	Property company
Seniorenpark Nienhagen GmbH & Co KG	Germany	Ordinary share	99 74%	Property company
SeniorenparkSpenge-Lenzinghausen GmbH & Co KG	Germany	Ordinary share	99 74%	Property company
Seniorenpark Meine GmbH	Germany	Ordinary share	99 74%	Property company
SeniorenparkDorfzentrum Hämelerwald GmbH	Germany	Ordinary share	99 74%	Property company
Seniorenpark Eichenhof Lachendorf GmbH	Germany	Ordinary share	99 74%	Property company
Seniorenzentrum Meine GmbH & Co KG	Germany	Ordinary share	94 90%	Holding company
SeniorenzentrumHamelerwald GmbH & Co KG	Germany	Ordinary share	94 90%	Holding company
Seniorenzentrum Lachendorf GmbH & Co KG	Germany	Ordinary share	94 90%	Holding company
Medical Property Holdings S à r l				
Bad Schonborn Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Bremerhaven Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Kirschberg Properties S a r l	Luxembourg	Ordinary share	100 00%	Property company
Kreuzberg Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Gengenbach Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Schomberg (Care Home) Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Schomberg (Clinic) Properties S à r l	Luxembourg	Ordinary share	100 00%	Property company
Defense Frejus S.A.S. and Port Frejus S.A.S				
Volney Frejus S A S	France	Ordinary share	100 00%	Property company
APIV Holdings B.V.				
APIV Auto Este S L	Spain	Ordinary share	100 00%	Property company
APIV Auto Centro S L	Spain	Ordinary share	100 00%	Property company
APIV Auto Oeste S L	Spain	Ordinary share	100 00%	Property company

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

26. Profit Share Payable to General Partner

The General Partner is due, in accordance with clause 8 of the Partnership Deed, the sum of €1,000 per annum as a first charge on the distributable profits of the Partnership

27. Events after the reporting period

On 23 June 2016, the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, reported at the Statement of Financial Position date of 30 June 2016.

As specified in the Company's Investment and Shareholders' Agreement, the Board of Managers of the General Partner approved a second-year extension of the Group, from 3 September 2016 to 2 September 2017.

The Board approved the disposal of the cinema located in Hamburg, in Germany, for a sale of €33,000,000. The transaction was signed on 28 September 2016. Completion of the sale of the cinema in Hamburg happened in November 2016.

Six properties are encumbered with a Right of First Refusal from the tenants. This right has been exercised post closing for five out of the seven properties.

28. Ultimate Controlling Party

Alternative Property Income Venture (General Partner) Limited, a company ultimately owned by the AXA group, acts as General Partner. In the opinion of the General Partner, the Partnership is a related party of the General Partner, under the conditions set out in FRS 102 "Related party disclosures". For its services, the General Partner is entitled to the profit share disclosed in note 26.

The ultimate and smallest controlling party of the Limited Partnership is considered to be the General Partner, Alternative Property Income Venture (General Partner) Limited. The largest ultimate parent undertaking is AXA S.A., a company incorporated in France. Copies of the group financial statements of AXA can be obtained from 23, Avenue Matignon, 75008 Paris, France.

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

29. Transition to FRS 102

This is the first year that the Partnership has presented its financial statements in accordance with FRS 102 "The Financial Reporting Framework Applicable in the UK and Republic of Ireland ("FRS 102") For financial years up to and including the year ending 30 June 2015, the Partnership prepared their financial in accordance with previously extant UK GAAP

The date of transition to FRS 102 is therefore 1 July 2015 This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for the first-time transition to FRS 102 The opening Partnership fund position as at 1 July 2015 and their previously published financial statements for the year ended 30 June 2015 have been restated from previously extant UK GAAP

	30 June 2015 As previously stated	Effect on Transition	FRS 102 (as restated)
Fixed Assets			
Investment property	353,932,000	-	353,932,000
Investment in Joint Venture	1,041,907	-	1,041,907
	<u>354,973,907</u>	-	<u>354,973,907</u>
Current Assets			
Debtors	10,358,872	-	10,358,872
Cash at bank and in hand	70,286,171	-	70,286,171
	<u>80,645,043</u>	-	<u>80,645,043</u>
Creditors- amount falling due within one year	(20,066,360)	-	(20,066,360)
Net Current Assets	<u>60,578,683</u>	-	<u>60,578,683</u>
Total Assets less Current Liabilities	415,552,590	-	415,552,590
Creditors- amount falling after within one year	(158,114,944)	(72,719,090)	(85,395,854)
Deferred tax liabilities	(7,845,114)	-	(7,845,114)
Total net assets value	249,592,532	-	322,311,622
Non-Controlling interest	(19,167,040)	((19,167,040)	-
Total assets attributable to Partners	<u>230,425,492</u>	<u>(91,886,130)</u>	<u>322,311,622</u>
Capital and reserves			
Partners Capital Contribution	41,584	-	41,584
Loan from partners	188,295,810	-	188,295,810
Income account	42,088,098	-	42,088,098
	<u>230,425,492</u>	-	<u>230,425,492</u>
Non-controlling interest	-	98,570,577	98,570,577
Partnership Funds	<u>230,425,492</u>	<u>91,886,130</u>	<u>322,311,622</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016**

29. Transition to FRS 102 (continued)

	1 July 2014 As previously stated	Effect on Transition	FRS 102 (as restated)
Fixed Assets			
Investment property	359,895,000	-	359,895,000
Loan to Joint Venture	7,736,467	-	7,736,467
Investment in Joint Venture	63,305,163	-	63,305,163
	<u>430,936,630</u>	-	<u>430,936,630</u>
Current Assets			
Debtors	7,228,391	-	7,228,391
Cash at bank and in hand	15,946,897	-	15,946,897
	<u>23,175,288</u>	-	<u>23,175,288</u>
Creditors- amount falling due within one year	(9,359,307)	-	(9,359,307)
Net Current Assets	<u>13,815,981</u>	-	<u>13,815,981</u>
Total Assets less Current Liabilities	444,752,611	-	444,752,611
Creditors- amount falling after within one year	(173,383,980)	(80,445,932)	(92,938,048)
Deferred tax liabilities	(5,366,768)	-	(5,366,768)
Total net assets value	266,001,863	-	346,447,795
Non-Controlling interest	(18,214,645)	(18,124,645)	-
Total assets attributable to Partners	<u>247,877,218</u>	<u>(98,570,577)</u>	<u>346,447,795</u>
Capital and reserves			
Partners Capital Contribution	41,584	-	41,584
Loan from partners	215,815,054	-	215,815,054
Income account	32,020,580	-	32,020,580
	<u>247,877,218</u>	-	<u>247,877,218</u>
Non-controlling interest	-	98,570,577	98,570,577
Partnership Funds	<u>247,877,218</u>	<u>98,570,577</u>	<u>346,447,795</u>

ALTERNATIVE PROPERTY INCOME VENTURE, L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2016

29. Transition to FRS 102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102

Under FRS 102, changes in the fair value of investment property, exchange rate adjustment and net gain from fair value adjustment of derivatives on financial instruments are recorded in the Statement of Comprehensive Income. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses.

Investment property

The impact from the transition to FRS 102 is as follows

Reconciliation of profit and loss for the year ended 30 June 2015

	€
Profit for the year ended 30 June 2015 under previous UK GAAP	16,861,275
Losses on revaluation of investment properties	(6,266,104)
Exchange rate adjustment	2
Net gain from fair value of derivatives on financial instruments	514,740
	<hr/>
Profit for the year under FRS 102	11,109,913
	<hr/>

Minority interests

Disclosure of the allocation of profits and total comprehensive income between the partners (General and Limited) and non-controlling interests is now required under FRS 102. The Statement of Comprehensive Income for the current year and the prior year have been presented as per the requirement of FRS 102.

	2016 €	2015 €
Total comprehensive income for the year allocated to:	12,889,655	11,109,913
General Partner	1,000	1,000
Limited Partners	10,883,095	10,066,519
Non-controlling interest	2,005,560	1,042,394