APN | European Retail Property Group

Full year 2010 results

26 August 2010

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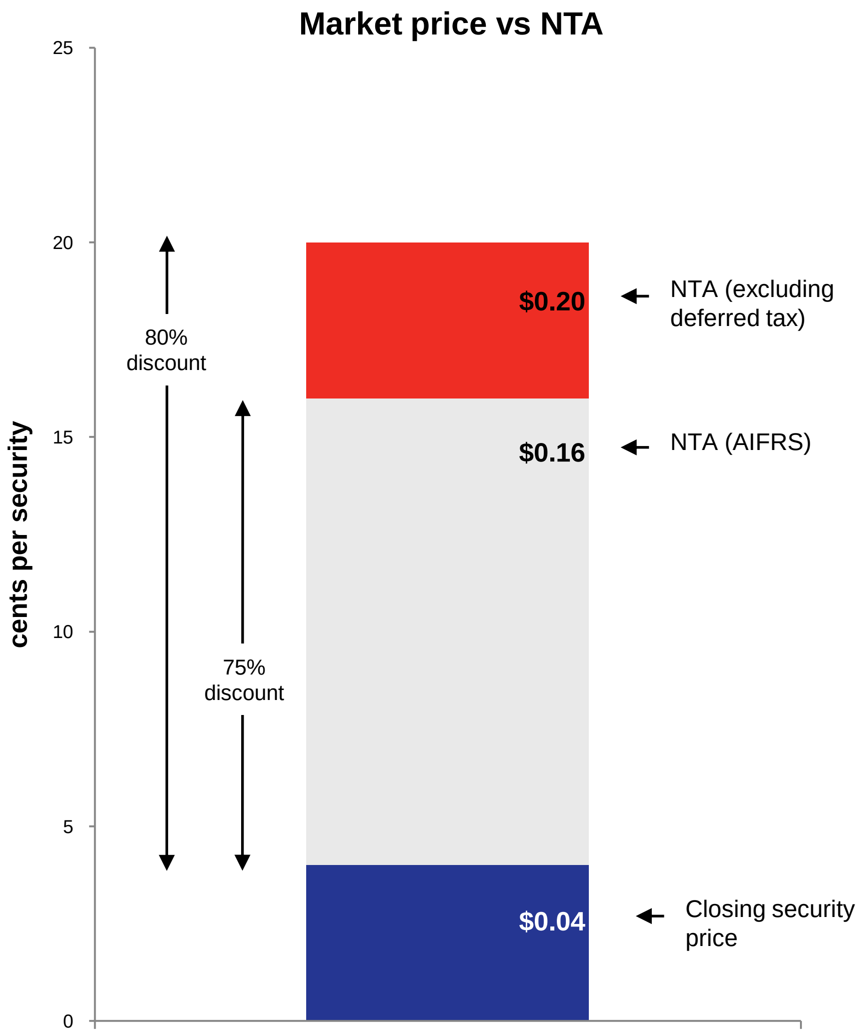
Overview

Overview

- Full year underlying profit from operations after tax $10.6m and a net statutory loss attributable to securityholders of $66.5m
- June 2010 valuation results are in line with market (-4.9% vs. December 2009)
- Significant balance sheet stress continuing
- The Group’s lenders recognise the market challenges and remain supportive while resolution options are progressed
- Modest signs of economic recovery in early CY10 have been undermined by growing sovereign debt fears and austerity budgets
- Occupier markets remain tough, with limited new expansion but renewals can be achieved
- Management remains intensely focused on underlying asset management to maximise net operating income, cash-flow, occupancy and retailer turnover

Overview (continued)

- Resolving AEZ's leverage issues remains top priority for APN Property Group
- Significant equity remains in the Group ($86m)
- Stabilisation of values and improving underlying economics is expected to trigger greater investor interest but transaction pricing and cost of capital remains challenging



Note: Closing security price as at 24 August 2010. Figures are rounded.

Full year results
and current financial position

At a glance

Earnings

- Full year underlying profit from operations after tax $10.6m (1.95 cps)
- Fair value gains on hedging contracts of $7.5m and fair value loss on investment property of ($91.1m) contributing to an AIFRS loss of ($66.5m) for FY10
- Statutory loss accentuated by appreciation in A$ vs. € on net assets

Balance sheet

- Total assets $818m
- Look-through gearing 74.3% (significant stress continuing resulting from covenant breaches)
- NTA $0.16 per security ($0.20 per security excluding deferred tax liability)[1]
- Limited capacity for operational cash flow to reduce group debt (€3.5m of debt paid down in FY10)

Property portfolio

- Full year net operating income €36.5m (9.2% decrease on pcp)[2]
- 100% of portfolio independently valued (10.3% decline since June 2009)
- Occupancy 88.0% by income (90.2% at June 2009)
- 98.6% retail allocation (by income)

Notes

1 Deferred tax liabilities are provided for under AIFRS to reflect taxes which may be paid if properties were sold directly instead of selling relevant holding companies
2 Compared with prior corresponding period in EUR
3 Foreign exchange rates are 30 June 2010 year end rate A$: EUR = 1:0.7019 and average rate for the period is A$:EUR = 1: 0.6377
4 Foreign exchange rates are 30 June 2009 year end rate A$: EUR = 1:0.5729 and average rate for the period is A$:EUR = 1: 0.5383
5 This presentation is a summary only. Interested parties are directed to the Group's Appendix 4E financial statements lodged with ASX today for further details and disclosure relevant to the Group's financial position.

Summary financial results

$000s	FY10	FY09
Net operating income (before management fees)	57,236	79,323
Management fees	(4,862)	(7,767)
Net operating income (after management fees)	**52,374**	**71,556**
Trust expenses (net of sundry income)	(8,885)	(9,688)
Finance costs (excl. amortised borrowing costs)	(32,339)	(35,403)
Tax	(532)	(2,681)
Underlying profit from operations after tax[1]	**10,618**	**23,784**
Loss from non-operating activities after tax	(77,836)	(345,890)
Statutory loss after tax	**(67,218)**	**(322,106)**
Less minority interests	704	12,676
Net loss attributable to securityholders	**(66,514)**	**(309,430)**
Underlying profit from operations after tax per security[1]	**1.95 cents**	**4.36 cents**

Note

1 The figures above are presented on a consolidated basis and therefore includes 100% of the results of the APN Champion Retail Fund for FY10. The AEZ Group holds a 55.8% interest in the Champion portfolio. Underlying profit from operations after tax would be $9.98m or 1.83 cents per security if this minority interest was excluded.

Gearing and group interest cover

	30 June 2010
Total assets	$818m
Total debt	$597m
Gearing (debt to total assets)	73.0%
Adjusted look-through assets[1]	$808m
Adjusted look-through debt[1]	$600m
Look-through gearing	74.3%
Group interest cover ratio[2]	1.22 times

Notes

1 Adjustments to reflect AEZ's percentage stake in syndicates (APN Poland Retail Fund, APN Vienna Retail Fund and APN Champion Retail Fund).

2 Net operating income after management fees and overheads/net finance costs excluding amortised borrowing costs for the 12 month period.

Current financial position

- Significant balance sheet stress as a result of finance facility covenant breaches, related events of default and facility expiry dates is continuing
- Financial statements prepared on the basis the Group remains a going concern however with note that significant uncertainty exists
- AEZ currently retains the support of its lenders
- Covenant breaches and cross defaults under several facilities continuing
- Discussions progressing on working capital facility extension or restructure (Nov 2010 expiry date)
- Current position:
  - No loans have been called for repayment
  - Facility restructure and extension proposals being actively progressed with lenders
  - AEZ is not a forced seller of any asset
- Distributions remain suspended
- Refer to Appendices for detailed covenant analysis and explanation of liabilities classified as current

Note: This presentation is a summary only. Interested parties are directed to the Group's Appendix 4E financial statements lodged with ASX today for further details and disclosure relevant to the Group's financial position.

Debt and capital management initiatives

- Opportunities to improve Group cash flow by limiting support to assets on a non-recourse or limited-recourse basis
- City Gate facility extension close to agreement of final terms
- Limited ability to use operational cash flow to reduce group debt. Total amortisation for FY10 €3.5m
- Current high level of gearing limits other refinancing opportunities
- Availability of property lending has improved but restricted to prime product with low gearing
- Asset sale programme remains key focus of capital management plan however acceptable sale terms remain challenging to secure

Market environment and portfolio performance

Market environment – macroeconomic conditions

- Sovereign debt issues came to the fore in early CY2010
- A crisis in confidence in the European banking system resulted
- The IMF and EU established an emergency bailout fund (€750b)
- Macroeconomic indicators stabilising but still reflect challenging conditions across Eurozone

However…

- Interest rates expected to remain low
- Economic growth across Europe's core euro currency zone hit 1.0% in Q2 CY10 with Germany posting its best quarterly growth since reunification in 1990
- Euro area unemployment rate and retail sales stable May and June
- Business and consumer sentiment trends continue upward but there remain challenges on the horizon

Source: Eurostat

Market environment – investment conditions

- Investors still cautious
- Market fundamentals remain weak
- Transactional activity remains comparatively low with limited distressed sales
- Continued limited availability of finance for non-prime assets

However…

- Investment market recovering ahead of occupier market
- Retail real estate generally less volatile
- Retail property markets are expected to follow economic recovery
- Strong demand in core European markets (UK, France) coupled with limited supply of prime product is driving asset prices, further significant declines look unlikely

Market commentary – retailer operating conditions

- Retailers remain cautious due to falling turnover and decreasing margins and maintain a ‘wait and see’ approach on future expansion strategies
- Turnaround expected to be slow with difficult operating conditions for a large number of tenants
  - Consumer spending may be impacted by austerity measures
  - Pressure on retailer profit margins
  - Store consolidation and growing insolvency risks for retailers

However...

- Value fashion retailers and discounters are taking advantage of market and expanding
- AEZ top 10 tenants’ performance is solid
- New leasing interest in Austria and Spain is encouraging

Portfolio performance highlights

Key metrics

- Occupancy by income at 30 June 2010 88.0% (decline of 2.1% pts on June 2009)
- Portfolio remains 98.6% retail (by income)
- WALE (by income) 4.2 years[2] (decline of 0.2 years on June 2009)
- 6 countries
- 34 properties
- Total GLA ~375,000m²

Leasing and renewals

- 26 lease deals completed
- 5,770m² of space leased or renewed
- €1.9m discounts negotiated to maintain occupancy levels (2.2% gross income)
- Trend towards new deals being secured via rent free periods
- Refer to Appendices for further leasing information

Key initiatives

- Portfolio operational costs reduced by €0.8m during FY10 (2.6% of property expenses)
- Successful rezoning of Traisenpark March 2010 to allow future potential development opportunities
- Launched new online H&S management system. Achieving 98% compliance across portfolio

Notes

1 Figures as at 30 June 2010 (excludes the APN Poland Retail Fund and the APN Vienna Retail Fund in which AEZ holds strategic investments) on the basis of 100% of the Champion Portfolio. AEZ has a 55.8% interest in the Champion portfolio.

2 WALE is calculated with the assumption that all leases with ‘Unlimited’ end dates will expire 30 June 2013.

Net operating income

Property		Net Operating Income (€ 000s)			Commentary
		FY10	FY09	Change (%)	
Spain	Festival Park	5,071	5,209	(2.7)	Continued positive trading from the leisure component has offset higher vacancy in the restaurant sector
	Cuadernillos	1,943	2,305	(15.7)	Excluding vendor guarantee income in FY09 of €693k, FY10 underlying income growth was positive but included a number of one-off lease termination receipts
	La Vega	1,290	1,585	(18.6)	Deterioration in occupancy has contributed to lower net income, partially offset by a land tax rebate in FY10
	Pamplona	736	732	0.5	Stable income, including the renewal of the PC City lease during the year
Italy	San Giuliano	788	798	(1.2)	100% occupancy provides a stable income although trade debtors have increased marginally
	Gallarate	451	473	(4.7)	Temporary rent concessions
Germany	Roller	7,412	7,656	(3.2)	Gross income on budget, offset by increasing non-recoverable repair and maintenance costs
	Halle	3,793	4,099	(7.5)	Lease renewals at reduced contract rates have contributed to the reduction in income, partially offset by new rental income derived from the cinema
	Leipzig	4,831	4,775	1.2	Stable income with no significant movement versus prior year
Greece	Champion	5,094	5,123	(0.6)	Gross income on budget, offset by increasing non-recoverable repair and maintenance costs
	City Gate	434	389	11.7	Enhanced recovery of doubtful debts.
Romania	City Mall	308	3,137	(90.2)	The fall is predominantly due to a €1.6m decrease in base rent resulting from a loss of tenants (28%) and rent reductions to the remainder (72%). €1.1m vendor guarantee income was recognised in FY09. This income was not received in FY10.
Austria	Traisenpark	4,350	3,930	10.7	Stable income and includes positive settlement of a €0.3m provision for a legal case.
Net Operating Income		**36,500**	**40,211**	**(9.2)**	
Less Management Fees		**(3,101)**	**(3,546)**	**(12.6)**	
Net Operating Income (After Management Fees)		**33,399**	**36,665**	**(8.9)**	

Property valuation summary

Property	30 June 2010 €m	30 June 2009 €m	Variance €m	Variance %	Terminal Yield 30 June 2010	Terminal Yield 30 June 2009	Terminal Yield Variance	Discount Rate 30 June 2010	Discount Rate 30 June 2009	Discount Rate Variance	Net Initial Yield 30 June 2010	Net Initial Yield 30 June 2009	Net Initial Yield Variance
Festival Park	73.6	75.1	(1.6)	(2.1%)	8.15%	8.15%	0.00%	11.90%	11.80%	0.10%	6.51%	7.71%	(1.20%)
Cuadernillos	33.2	40.1	(6.8)	(17.1%)	8.50%	8.50%	0.00%	12.50%	12.25%	0.25%	3.02%	6.94%	(3.92%)
La Vega	20.9	22.2	(1.3)	(5.9%)	8.00%	7.75%	0.25%	11.75%	11.75%	0.00%	4.81%	5.85%	(1.04%)
Pamplona	8.8	9.0	(0.2)	(2.4%)	7.80%	7.80%	0.00%	10.50%	10.50%	0.00%	8.32%	8.17%	0.15%
San Giuliano	10.5	10.8	(0.3)	(2.9%)	7.25%	7.15%	0.10%	8.50%	8.50%	0.00%	7.66%	7.28%	0.38%
Gallarate	6.8	7.3	(0.5)	(6.8%)	7.35%	7.20%	0.15%	8.25%	8.25%	0.00%	7.16%	6.62%	0.54%
Roller Portfolio[1]	74.5	85.0	(10.5)	(12.4%)	7.94%	7.93%	0.01%	8.20%	7.58%	0.62%	9.10%	8.80%	0.30%
Halle	52.5	53.6	(1.1)	(2.1%)	7.50%	7.50%	0.00%	7.20%	7.20%	0.00%	7.26%	7.51%	(0.25%)
Leipzig	52.1	53.8	(1.8)	(3.3%)	7.30%	7.30%	0.00%	8.25%	7.70%	0.55%	8.93%	8.77%	0.24%
Champion Portfolio[2]	68.1	72.8	(4.7)	(6.4%)	8.62%	8.05%	0.57%	N/A	N/A	N/A	8.34%	7.84%	0.50%
City Gate	42.1	61.5	(19.4)	(31.5%)	9.50%	7.00%	2.50%	12.00%	10.90%	1.10%	6.84%	6.67%	0.17%
City Mall	35.4	51.6	(16.2)	(31.4%)	9.00%	8.75%	0.25%	11.25%	11.00%	0.25%	4.34%	6.48%	(2.14%)
Traisenpark	60.7	58.3	2.4	4.1%	7.75%	7.75%	0.00%	9.25%	8.75%	0.50%	7.20%	6.82%	0.38%
Total [3]	**539.0**	**601.0**	**-62.0**	**-10.3%**	**8.06%**	**7.82%**	**0.24%**	**9.88%**	**9.63%**	**0.25%**	**7.16%**	**7.52%**	**(0.36%)**

Notes

Numbers may not sum exactly due to rounding.

1. Roller portfolio yields and rates shown as weighted averages. Directors valuation for Roller Dortmund included in analysis
2. AEZ holds a 55.8% stake in the Champion Portfolio. Champion Portfolio yields and rates shown as weighted averages. Weighted average equivalent yield shown as opposed to terminal yield.
3. Weighted average initial yield for AEZ assumes 100% ownership of the Champion portfolio. Weighted averages for terminal yield and discount rate exclude the Champion portfolio.

Outlook and strategy update

Market outlook

- The varied economic recovery profile across Europe will impact investor and occupancy markets. The trends that existed five years ago are no longer relevant
- Increasing polarisation between core and non-core markets and assets may create a two-tier market
- Commercial real estate refinancing requirements over the medium term will drive greater innovation by investors on ways to enter the market and banks to exit
- Underlying retail performance (in some discretionary sectors) is likely to be affected by macro austerity measures and declining disposable incomes
- Providing there are no further shocks, a more stable (and predictable) environment is emerging which may enable transactions that will benefit AEZ

Asset sales prospects

- Continue to monitor prospects and test the markets but no feasible transactions completed. Biggest challenges remain:
  - Weak continental European property markets, despite rebound in core markets of UK, France and parts of Germany
  - Finance remains scarce and expensive for potential buyers
  - Market expectation of “vulture” funds and significant M&A did not materialise
  - Asset purchase offers remain scarce and pricing remains opportunistic

- Pursuing individual freehold unit asset sales. Will allow redeployment of capital for value-add initiatives

Strategy update

- Management is intensely focused on securing a solution to rebalance the Fund’s debt profile and debt structure, as this remains a significant barrier to further investment
- As European values stabilise, investor appetite to participate in re-capitalisation is increasing
- All options are under review to re-capitalise and improve the cash position of the Fund including:
  - Asset sales – prospects remain limited at current time
  - Debt restructuring – improvement in cash-flows
  - Merger or acquisition
  - Capital injection
  - Combination of the above
- The APN team in Europe and Australia remains fully committed to securing the best possible outcome for investors

Appendices

Detailed income statement

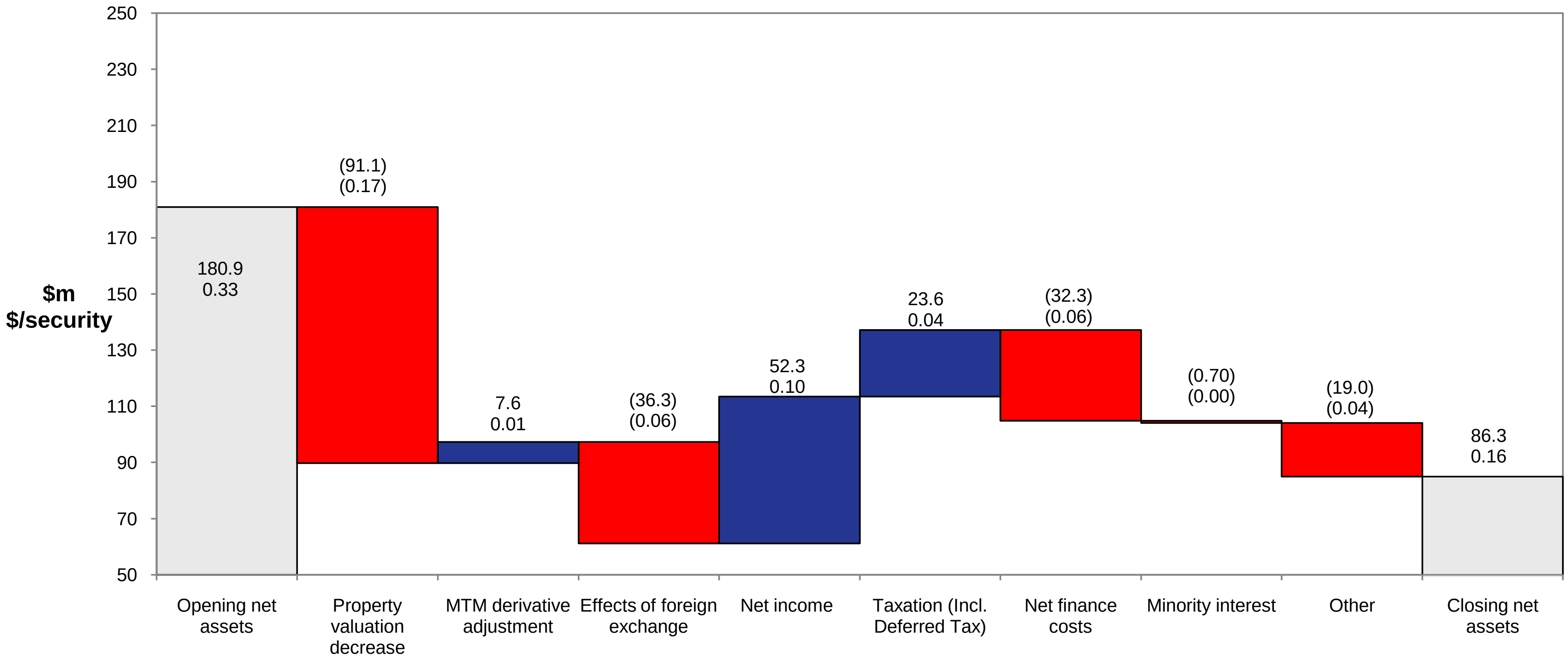
$000s	FY10	FY09
Profit from operations		
Property ownership income	87,566	115,785
Property Expenses	(30,330)	(36,462)
Net Operating Income (before management fee)	**57,236**	**79,323**
Management Fees	(4,862)	(7,767)
Net Operating Income (after management fee)	**52,374**	**71,556**
Other Income	100	492
Other Expenses	(8,985)	(10,180)
Profit from Operations Before Interest & Tax	**43,489**	**61,868**
Net Interest Expense	(32,339)	(35,403)
Profit From Operations Before Tax	**11,150**	**26,465**
Current Tax Expense / (Credit)	(532)	(2,681)
Underlying profit from operations after tax	**10,618**	**23,784**
Profit from Non-Operating Activities		
Net non-recurring items	(5,313)	(9,891)
Amortisation of borrowing costs	(1,036)	(12,540)
Net fair value adjustment of investments	(1,000)	(11,067)
Net fair value adjustment of investment property	(91,130)	(240,894)
Net fair value adjustment of derivative instruments	7,525	(92,913)
Foreign Exchange losses	(11,058)	(22,137)
Loss from Non-Operating Activities Before Tax	**(102,012)**	**(389,442)**
Deferred Tax Expense / (Credit)	24,176	43,552
Loss From Non-Operating Activities After Tax	**(77,836)**	**(345,890)**
Loss before Minority Interests	**(67,218)**	(322,106)
Minority Interests	704	12,676
Net Loss Attributable to Securityholders	**(66,514)**	**(309,430)**

Abridged balance sheet

	FY10 $000s	FY09 $000s
Investment properties	765,466	1,045,040
Other assets	52,865	66,945
Total assets	**818,331**	**1,111,985**
Bank debts and derivatives	(650,782)	(800,951)
Other liabilities	(80,897)	(130,136)
Total liabilities	**(731,679)**	**(931,087)**
Net assets	**86,652**	**180,898**
Share capital	552,048	552,048
Reserves	(465,396)	(371,150)
Equity	**86,652**	**180,898**

Net assets movement reconciliation

Reconciliation in NTA movement 30 June 2009 to 30 June 2010



Currency hedging movement

	Future AEZ Group cash out flows from closed out currency hedges (€m)
FY11	1.4
FY12	2.4
FY13	6.1
FY14	3.0
FY15	2.7
FY16	1.7
Total	**17.4**
	Fair Value (mark to market liability) ($m)
30 June 2010	24.0
31 December 2009	26.7

Notes

1 AEZ closed out its currency hedging book during FY09, locking-in a requirement to pay Euro in accordance with the original hedging settlement dates.

2 The APN Champion Retail Fund's currency hedging was closed out during FY10.

Interest rate hedging profile

Period [1]	Fixed Rate [2]	Proportion of borrowings hedged
FY11	3.9%	95.1%
FY12	3.9%	81.4%
FY13	4.5%	100.4%
FY14+	Nil	Nil

Notes
1 Based on position as at 30 June each year.
2 Excludes borrowing margins.

Bank finance facility summary as at 30 June 2010[1]

Facility Outstanding (senior debt)	€m	LVR Covenants Covenant	LVR Covenants Limit	LVR Covenants Capacity	ICR Covenants Covenant x	ICR Covenants Limit x	ICR Covenants Capacity x	Time to expiry (years)	Interest Rate (includes margin)
Spanish Portfolio[2]	121.5	91.6%	68.0%	Nil	1.58	1.80	Nil	2.1	4.7%
San Giuliano (Italy)	4.9	50.0%	54.4%	4.4%	4.15	1.90	2.25	2.1	3.9%
Gallarate (Italy)	3.4	53.2%	54.4%	1.2%	3.67	1.90	1.77	2.1	3.9%
Roller (Germany)[3]	48.8	62.8%	60.0%	Nil	3.82	1.90	1.92	2.5	3.9%
Halle (Germany)	29.4	59.3%	60.0%	0.7%	3.09	1.90	1.19	0.7	4.3%
Leipzig (Germany)	34.1	68.6%	67.5%	Nil	2.92	1.90	1.02	0.7	4.8%
City Gate (Greece)	35.7	89.3%	65.0%	Nil	1.39	1.25	0.14	0.1	4.6%
Champion (Greece)[4]	38.4	59.4%	60.0%	0.6%	3.47	2.00	1.47	3.2	3.9%
City Mall (Romania)[5]	40.3	116.0%	65.0%	Nil	0.62	1.00	Nil	0.4	5.6%
Traisenpark (Austria)	40.0	69.6%	70.0%	0.4%	1.43	1.00	0.43	2.5	5.6%
Working Capital Facility	22.5	89.4%	75.0%	Nil	1.78	1.75	0.03	0.4	7.4%
		60.6	225.0	Nil[6]					
	419.0							1.6	4.8%

	FEC	IRS				
Deutsche Bank Hedging Agreements	N/A	1.6	73.6%	55.0%	Nil	N/A
			151.0	210.0	Nil[7]	
RBS Hedging Agreements	16.8	20.7	N/A			
Unicredit Hedging Agreements	N/A	0.5	N/A			
AEZ Total	458.7					

Notes

1. The table is a summary and deals with financial covenants only. Certain of the facilities have been classified as current liabilities due to potential covenant breach (refer below for details). Event of default limits are provided.
2. Spanish assets are tested on a 'country portfolio basis'.
3. Roller LVR test based on independent valuation, not Director's adjusted valuation per the financial statements.
4. Includes finance lease facility in relation to the Kos property.
5. City Mall facility also has a Debt Service Cover Ratio: Actual 0.6 versus limit of 1.0.
6. Fund Minimum Net Equity covenant in € millions.
7. Fund Minimum Tangible Net Worth covenant in € millions.
8. City Gate loan expired 4 August 2010 and an extension agreement remains under negotiation

Explanation of classification of liabilities

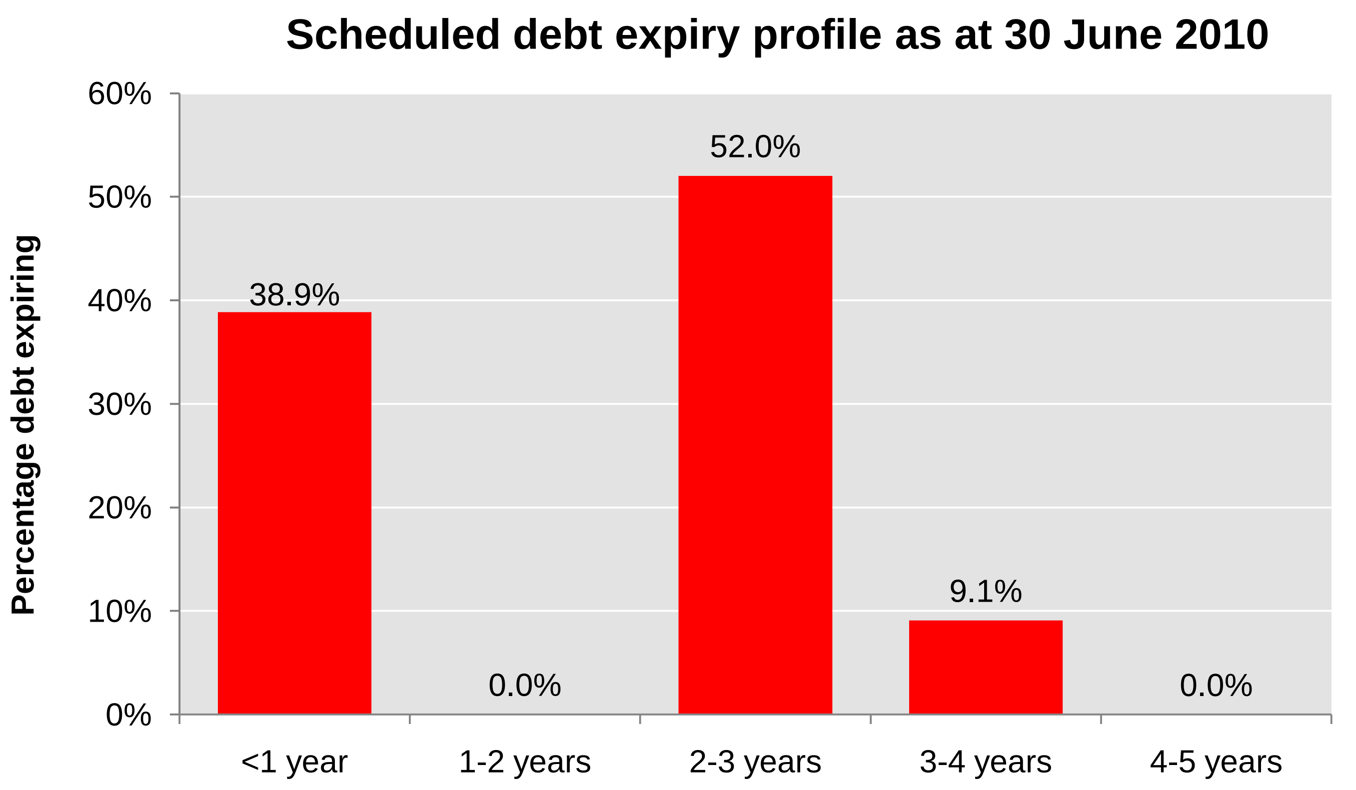
	30 June 2010 $000s	30 June 2010 €000s
Interest bearing liabilities		
Financial covenant breaches[1]	262,557	184,289
Cross default breaches[2]	212,398	149,082
Facilities expiring < 12 months from balance date	50,862	35,700
Less capitalised borrowing costs	(445)	(312)
Total current bank loans, secured	**525,372**	**368,759**

Derivative financial liabilities		
Cross default breaches[3]	54,279	38,099
Financial covenant breaches[3]	2,252	1,581
Total current derivative financial liabilities	**56,531**	**39,680**

Notes

1 Includes $89,451, 831 of facilities that are due to expire less than 12 months from 30 June 2010.
2 Includes $90,504,345 of facilities that are due to expire less than 12 months from 30 June 2010.
3 Including accrued interest payments.

Debt facility expiry profile



Notes

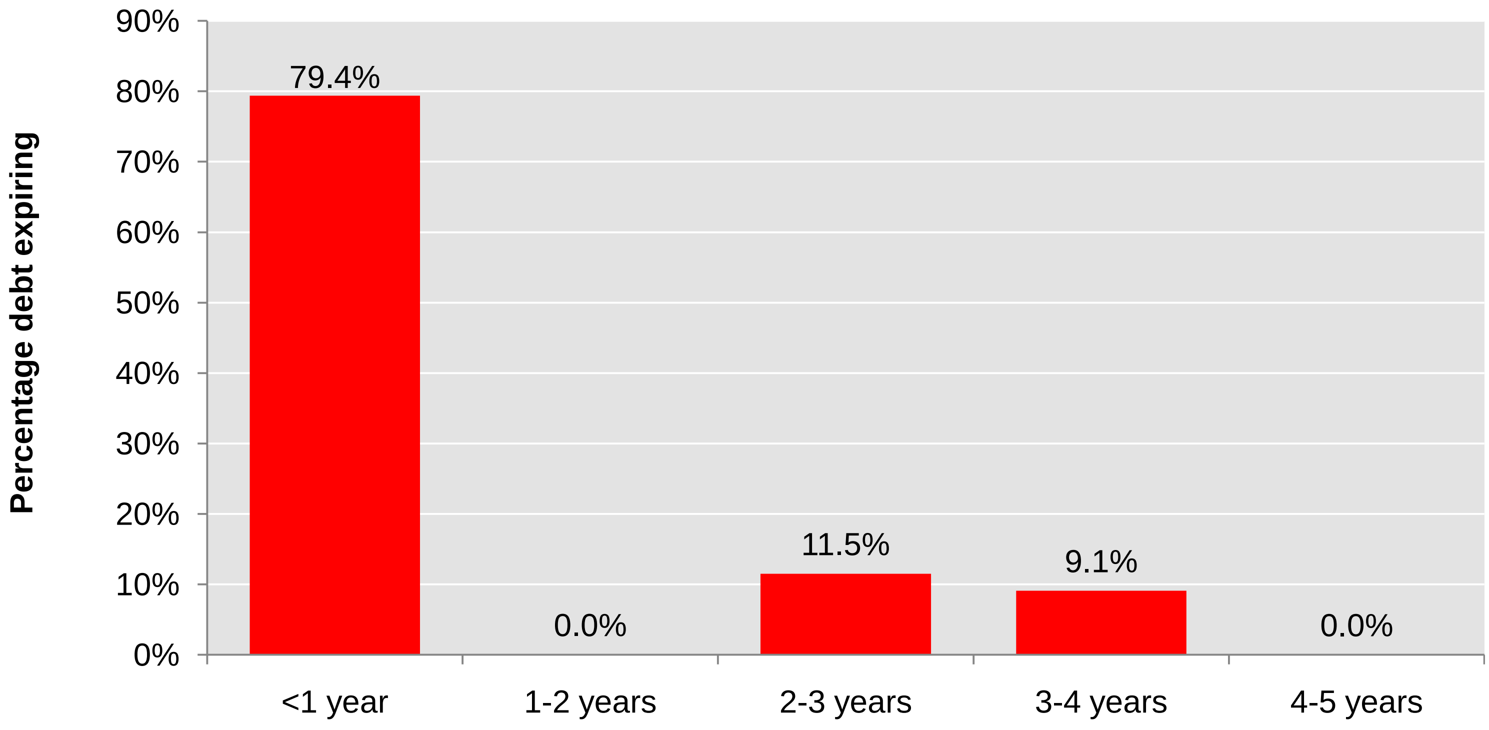
1 The above table excludes hedges and includes A$1.8m related party loan with APN Property Group Limited.

2 Figures excludes the APN Poland Retail Fund and the APN Vienna Retail Fund in which AEZ holds strategic investments but include 100% of Champion Retail Fund senior debt and finance lease in relation to the Kos property.

3 Earliest potential expiry dates may differ due to early termination rights (refer following slide).

Debt facility expiry profile

AEZ facility expiry profile based on earliest potential repayment date as at 30 June 2010

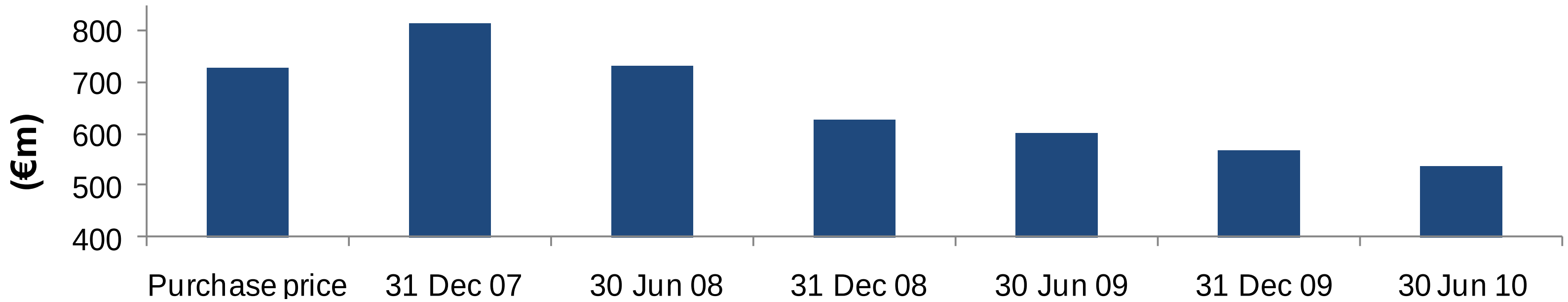


Notes

1 The above table excludes hedges and includes $1.8m related party loan with APN Property Group Limited.

2 Figures excludes the APN Poland Retail Fund and the APN Vienna Retail Fund in which AEZ holds strategic investments but include 100% of Champion Retail Fund senior debt and finance lease in relation to the Kos property.

Property valuation analysis



Entire portfolio independently valued at €539.0m ($767.9m) at 30 June 2010:

- €27.8m ($39.6m) or 4.9%[1] decline in value since 31 December 2009
- €62.0m ($88.4m) or 10.3%[1] decline in value since 30 June 2009
- €189.0m ($269.3m) or 26.0%[1] decline in value versus purchase price
- €273.9m ($390.2m) or 33.7%[1] decline in value versus peak values (December 2007)

Notes

1 Comparing the same properties (including 100% interest in the Champion portfolio) on a like for like basis. Does not include acquisition costs and subsequent minor capital expenditure.

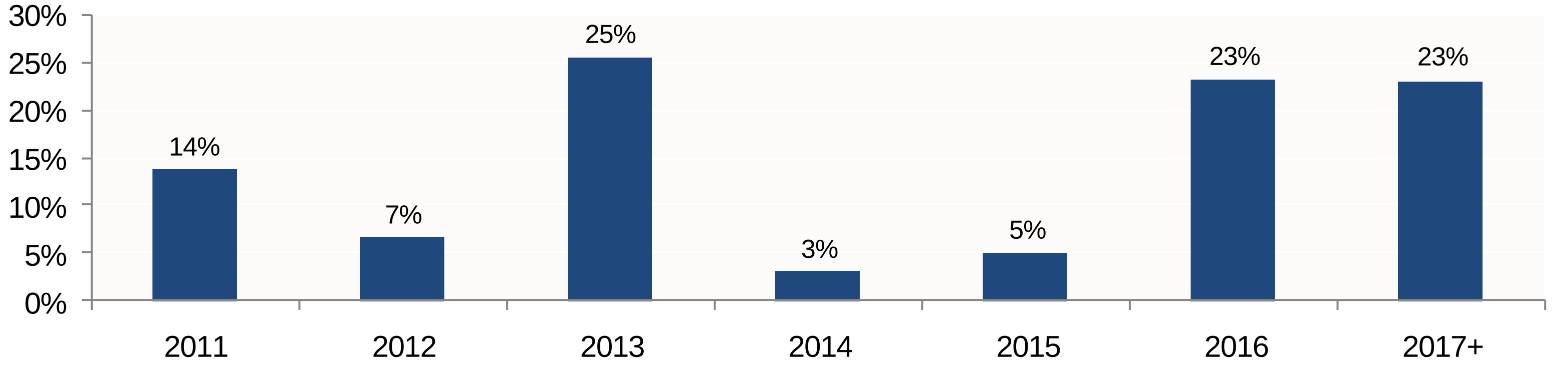
2 Directors valuation for Roller Dortmund included in analysis.

Top 10 tenants by income

Rank	Asset	Tenant Name	Categories	Rent (€m pa)	% Portfolio Base rent
1	Roller	Roller	Furniture	7.78	17.3
2	Champion Portfolio[1]	Carrefour Marinopoulos	Supermarket	5.81	12.9
3	Leipzig	Metro	Supermarket	5.10	11.3
4	Festival Park	Cinema Cinesa	Leisure	1.83	4.1
5	Halle	Real	Supermarket	1.19	2.6
6	Cuadernillos	Brico Store	DIY	0.85	1.9
7	City Gate	Ster Cinemas	Leisure	0.74	1.7
8	Pamplona	PC City	Electrical Goods	0.38	0.8
9	Festival Park	New Park Bowling	Leisure	0.29	0.6
10	Traisenpark	Spar	Supermarket	0.29	0.6
Total				**24.26**	**53.8**

Notes
1 On the basis of 100% interest held in the APN Champion Retail Fund. AEZ has a 55.8% interest in the Champion portfolio.

Lease expiry profile



AEZ WALE is 4.2 years

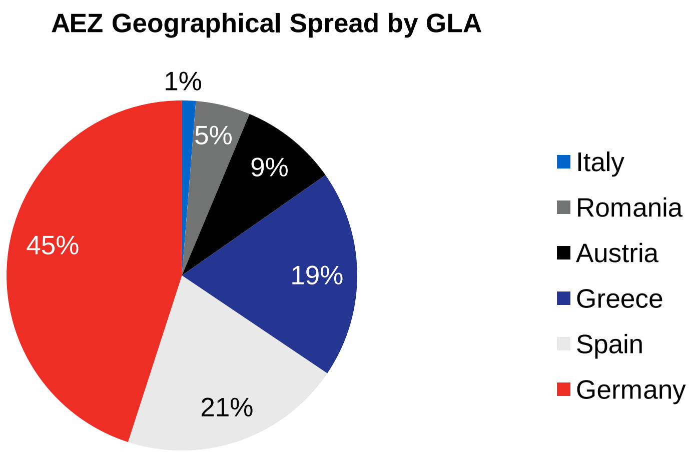
Anchor tenant² WALE is 4.8 years

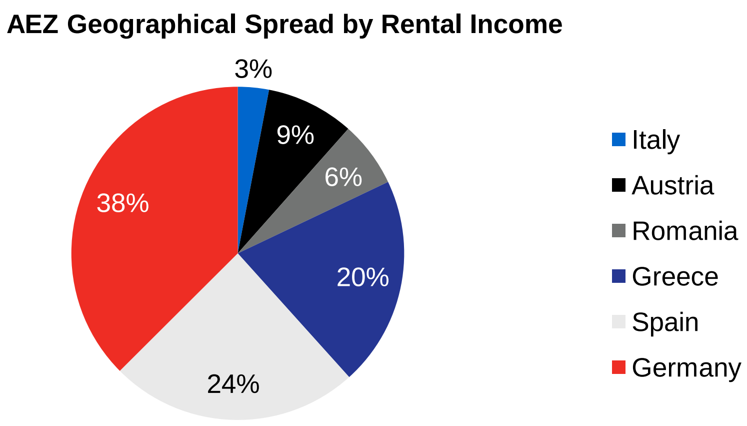
Notes

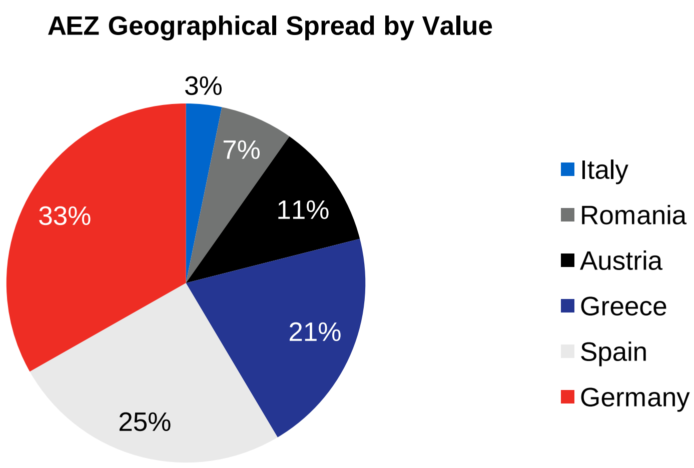
1 Based on earliest possible tenant break date. Years are financial years (30 June each year). Includes 100% Champion portfolio.

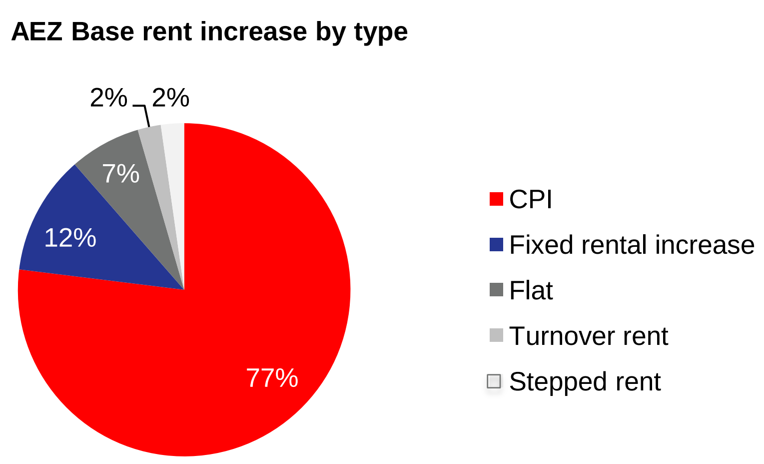
2 Anchor tenants defined as: Tenants with rent in excess of €100,000 per annum

Portfolio metrics





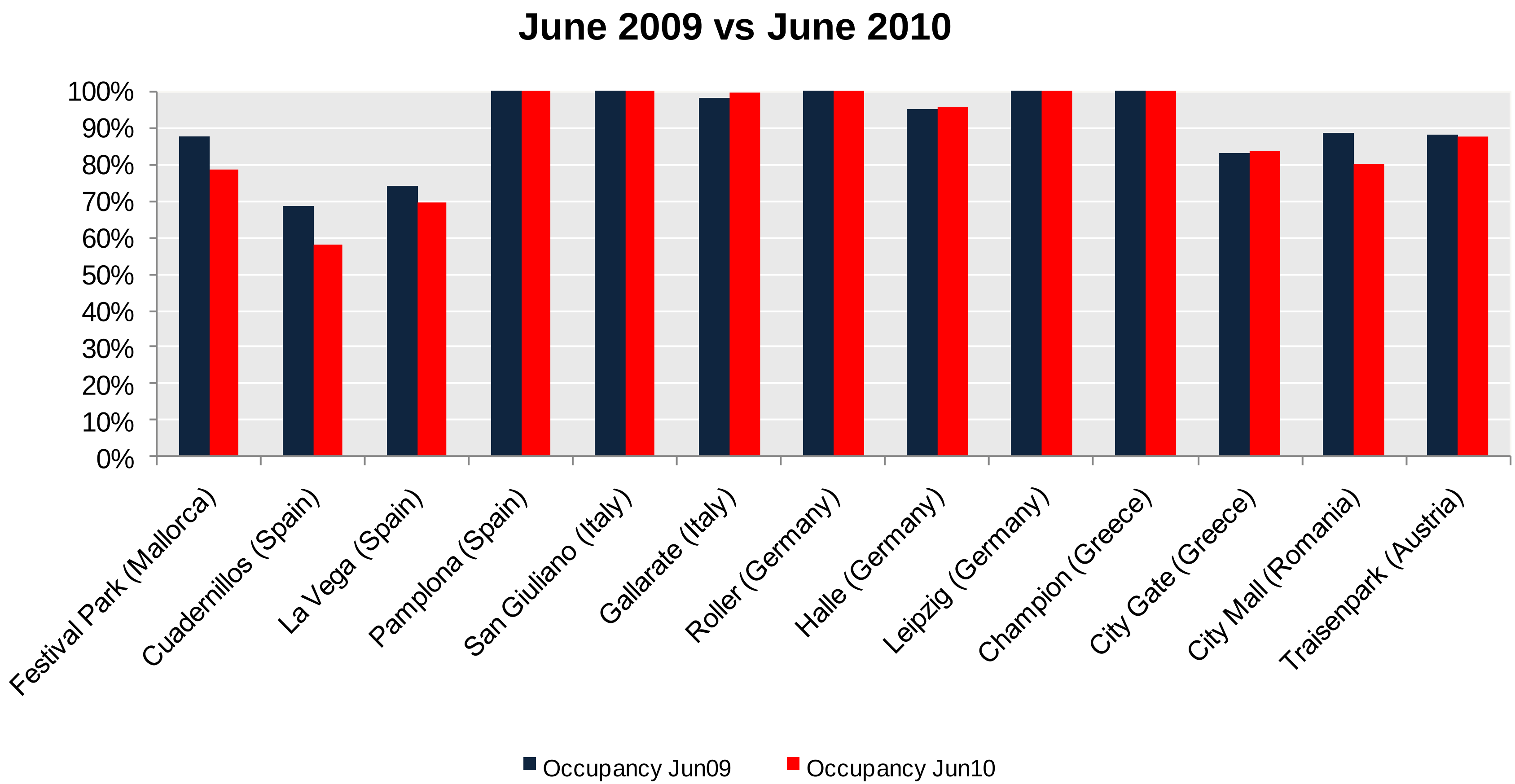




Notes

1 Directors valuation for Roller Dortmund included in analysis.
2 On the basis of 100% of the Champion Portfolio. AEZ has a 55.8% interest in the Champion portfolio
3 Excludes AEZ's stakes in APN Poland Retail Fund and APN Vienna Retail Fund

Occupancy levels



Overall portfolio occupancy level is 88.0% by income[1]
(portfolio occupancy level is 88.1% by area)

Notes

1 On the basis of 100% of the Champion Portfolio. AEZ has a 55.8% interest in the Champion portfolio

Key leasing transactions

Property	Tenant	Type	Size (sq m)	Term (years)	First break
Festival Park	Ararat	Catering	128	15	November 2014
	Amuletti	Fashion	94	5	December 2010
	El Greco	Catering	291	10	December 2019
Cuadernillos	SDA SuperDescuento Alcala	Household Goods	1,300	5	December 2014
	Aurus Centre	Electrical Goods	126	5	December 2010
La Vega	Aurus Centre	Electrical Goods	118	5	November 2010
	Dehesa Valdencina	Catering	42	10	December 2014
	Opticalia	Health & Beauty	129	13	October 2012
Halle	O2	Electrical Goods	65	5	June 2014
	FHM Haus Management	Office	356	3	January 2013
City Gate	H&M	Fashion	1,307	12	November 2012
	Attrativo	Fashion	230	11	March 2012
	Nine Streets	Fashion	139	11	April 2012
	Swarovski	Jewellery & Accessories	33	12	February 2011
City Mall	House of Art	Fashion	252	5	June 2015
	King Kebab	Catering	62	5	April 2013
Traisenpark	Bruckner	Jewellery & Accessories	56	5	October 2014
	Inventive Trading	Gift Shop	30	5	November 2014

European asset allocation and diversification

Germany	
Asset allocation	9
Value €m	179.1
% portfolio (value)	33%
No. of tenants	79

Austria	
Asset allocation	1
Value €m	60.7
% portfolio (value)	11%
No. of tenants	107

Spain	
Asset allocation	4
Value €m	136.4
% portfolio (value)	25%
No. of tenants	129

Italy	
Asset allocation	2
Value €m	17.3
% portfolio (value)	3%
No. of tenants	36

Romania	
Asset allocation	1
Value €m	35.4
% portfolio (value)	7%
No. of tenants	70

Greece	
Asset allocation	17
Value €m	110.2
% portfolio (value)	21%
No. of tenants	52

Notes: On the basis of 100% of the Champion Portfolio. AEZ has a 55.8% interest in the Champion portfolio

Individual market commentary

Spain

- Transparency improved to restore confidence following banking crisis
- Austerity measures implemented include increased VAT, public sector wage reductions
- Highest unemployment rate in Europe (20.0%). Youth unemployment (u/25s) 40.3%
- GDP into positive territory (0.1% to Q1 CY 2010 on previous quarter)
- High level of supply in pipeline but many projects delayed
- Investors remain cautious and risk averse but recovery expected to take shape in CY 2011

Greece

- Austerity measures implemented to reduce government deficit include increased taxes, reduction in pensions
- The EU and IMF have endorsed Greece's economic program required in return for the €110 billion bail-out (to be spread over 3 years) agreed in May
- Political climate remains tested by widespread opposition to change
- Property market retreating during time of uncertainty
- Supply coming from increased vacancy, not development pipeline with cautious retailers driving occupier demand down

Germany

- Largest economy in EU driving regional performance through export trade
- Core property market activity returning
- 4 consecutive quarters of positive GDP growth to Q1 CY 2010
- FY10 inflation 0.8%
- Jun 10 retail trade up 1.1% on Jun 09
- Unemployment fell from 7.7% (June 09) to 7.0% (June 10)
- Occupier market fairly resilient
- Rental growth stable and in some locations even improving
- Investment market improved strongly. H1 CY 2010 retail activity up 240% on the previous corresponding period

Sources: Eurostat, Cushman & Wakefield

Individual market commentary

Austria

- Strong retail environment
- Unemployment lowest in the EU (3.9%)
- Retail sales up 1.5% in June 2010 yoy
- One of the most active supply pipelines in Western Europe. Current space under development equal to 8% of total supply
- Occupier demand strong, led by discounters and fashion retailers
- Prime yields only 50bps from market valuation peak
- Strong leasing market leading to positive rental growth

Romania

- Austerity measures will impact on retail trade. In particular, increased VAT and reduced public sector wages
- Shopping centre development has slowed considerably but there are still a large number of projects in the pipeline
- Occupier activity is unlikely to pick up any time soon
- Investment activity remains subdued
- Prime rents stable although weakening retail trading environment could lead to declines
- Investment activity remains negligible

Italy

- Prime space is limited but there is a steady supply of new shopping centre floor space
- Some new international retailers entering market but general theme of caution amongst occupiers who are only focused on premium locations
- Rental growth stable for prime but very weak for secondary stock
- Investment market quiet

Sources: Eurostat, Cushman & Wakefield

Macroeconomic indicators

Region	Year	GDP Growth (yoy %)	Retail trade growth (yoy %)	Unemployment (%)	Annual inflation (yoy %)
Austria	2009	(4.4)	0.1	4.4	(0.3)
	2010	2.0	1.5	3.9	1.8
	2011[1]	1.7	1.0	5.4	1.7
Germany	2009	(5.9)	(0.9)	7.7	0.0
	2010	3.7	1.1	7.0	0.8
	2011[1]	1.7	0.8	8.1	1.4
Greece	2009	(0.2)	(0.7)	8.7	0.7
	2010	(3.5)	(7.2)	11.0	5.2
	2011[1]	0.3	(3.2)	13.5	1.5
Italy	2009	(6.0)	(0.2)	7.4	0.6
	2010	1.1	(0.6)	8.5	1.5
	2011[1]	1.1	0.7	9.3	1.8
Romania	2009	(8.8)	(2.9)	6.2	5.9
	2010	(3.2)	4.3	7.4	4.3
	2011[1]	1.4	2.7	10.2	3.6
Spain	2009	(4.2)	1.1	18.1	(1.0)
	2010	(0.2)	0.1	20.0	1.5
	2011[1]	0.6	0.4	21.6	1.4

Sources: 2009 and 2010 actuals from Eurostat. [1]2011 forecast from Cushman & Wakefield.
Notes on 2010 data: GDP figures are Q2 estimates except for Romania which shows annual growth to Q1 2010. Greek and Italian retail trade growth shown to May 2010. Romanian and Greek unemployment data to March 2010; June 2010 unavailable at time of publication.

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