



ASX Announcement

25 October 2010

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Dear Sir/Madam

APN European Retail Property Group (AEZ) Romanian property loan facility

APN Funds Management Limited, the Responsible Entity of APN European Retail Property Group (AEZ) provides the following update with respect to the Group's Romanian property loan facility.

The relevant borrower is one of AEZ's subsidiary companies, Victoria Holdings SA, which owns the City Mall shopping centre in Bucharest, Romania. The relevant counterparty is Unicredit Bank Austria AG, the Facility Agent for this loan.

The loan amount is €40.1 million. The 30 June 2010 value of the City Mall property is €35.4 million.

As set out in AEZ's market announcement dated 29 October 2009, this loan has breached its required Interest Cover Ratio covenant. APN has been in discussions with the Facility Agent since that time, with the objective of agreeing mutually acceptable terms to restructure this loan.

Although discussions are continuing, the Facility Agent has notified the borrower that the loan is now due for repayment in full. As a result of this notice, the relevant subsidiary is no longer in a position to meet its debts and it is expected that it will therefore file for the equivalent of voluntary administration under the Romanian bankruptcy regime.

This loan is a limited recourse loan and has no ongoing financial impact to the AEZ group, with the exception of a corporate guarantee which secures the payment of any interest or amortisation shortfall under this loan to 30 November 2010. This amount is expected to be less than €1 million.

This development is not expected to adversely affect AEZ's financial position or expected future financial performance.

For further details, please contact Tim Slattery, Chief Operating Officer on 03 8656 1000.

Yours sincerely

John Freemantle
Company Secretary

About the APN European Retail Property Group

APN European Retail Property Group (the Group) is a listed property trust (ASX code: AEZ) which operates under a stapled security structure. The Group is invested in a diversified portfolio of 34 retail properties located in six countries across Europe. The Group is managed by APN Funds Management Limited.