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The Manager
Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

APN Property Group Limited
ABN 30 109 846 068

Responsible Entity:
APN Funds Management Limited
ABN 60 080 674 479 AFSL No 237500

Level 30, 101 Collins Street
Melbourne, Victoria 3000 Australia

T +61 (0) 3 8656 1000
F +61 (0) 3 8656 1010
Investor Services 1800 996 456
Adviser Services 1300 027 636
W www.apngroup.com.au
E apnpg@apngroup.com.au

Correspondence to:
PO Box 18011
Melbourne Collins Street East
Victoria 8003

Dear Sir/Madam

Placement and Strategic Partnership with ARA

APN Property Group Limited (APD) is pleased to advise that it has entered into a long term strategic partnership with ARA Asset Management Limited (ARA), a leading Asian real estate funds management company.

The key terms of the strategic partnership are as follows:

- APD has today issued 20,964,343 new shares in APD, representing approximately 15% of its issued capital¹, at 22 cents per share to a related entity of ARA. The issue raised \$4.6 million and will assist in the funding of new business opportunities.
- ARA will provide seed capital to support future APD fund management activities subject to specific investment approvals.
- APD's subsidiary, APN Funds Management Limited, has entered into an agreement to acquire ARA Strategic Capital I Pte. Ltd. (ASC) from ARA, the manager of the ARA Asian Asset Income Fund (AAIF) for US\$150,000 (plus Net Asset Value), subject to customary conditions precedent being satisfied.
- APD will, subject to completion of the ASC acquisition, establish an office in ARA's premises in Singapore. Three members of ARA's funds management team will join APD.

In addition, subject to certain conditions:

- ARA will be entitled to appoint a director to the APD board; and
- APD has agreed to ensure ARA will be offered the opportunity to participate in certain future equity raisings to maintain their level of investment in the company.

ARA, an affiliate of the Hong Kong-based multi-national conglomerate Cheung Kong Group, is an Asia-focused real estate funds management company listed on the main board of the Singapore Stock Exchange. ARA has a market capitalisation of S\$775.3m as at 20 July 2010.

¹ Approximately 13% on a post-issue basis.

Mr David Blight, Group Managing Director and CEO of APN Property Group said: “We are delighted to formalise our relationship with ARA and introduce them as a long term strategic shareholder to the APN Group. Our respective businesses are closely aligned in relation to the underlying philosophies and values – a critical basis for any long term relationship”.

“Our partnership with ARA and the assumption of management of AAIF provides us with an opportunity to expand our real estate securities business into the Asia region” he added. “Similarly we look forward to exploring corporate opportunities in the region with ARA”.

Mr John Lim, Group CEO and Executive Director of ARA commented “We are delighted to partner with APN, a leading Australian boutique real estate funds management firm. We believe the opportunities for growth in Australia are significant and we are excited to be working with the APN team on several new business opportunities. We look forward to our new role as both strategic investor and business partner of APN.”

The introduction of ARA as a strategic investor is expected to reap long term benefits beyond the initial placement. ARA’s platform throughout Asia together with its proven ability to identify, acquire, manage and structure real estate investment vehicles will help APD progressively grow its real estate securities business into the region.

As part of the transaction, APD will, subject to customary conditions precedent being satisfied, take over the management of AAIF, an unlisted private fund focused on Asian real estate securities. The AAIF management team will join the APN Group.

Mr. Blight added “We have been strong advocates of the long term merits of the Asia Pacific region and we are delighted to be associated with ARA as we seek new opportunities. Whilst this initiative is targeted on the Asia Pacific region, we can reassure investors that we continue to work hard on stabilising and growing our Australian and European operations.”

Yours sincerely



John Freemantle
Company Secretary

For enquiries, contact:

APN Property Group
David Blight
Group Managing Director and CEO
Tel: +61 3 8656 1000
Email: dbleight@apngroup.com.au

About ARA Asset Management Limited

ARA, an affiliate of the Cheung Kong group, is an Asian real estate funds management company focused on the management of public-listed real estate investment trusts (REITs) and private funds investing in real estate and real estate-related securities in Asia. With total assets under management of S\$14.5 billion (approximately AUD\$12.7 billion), ARA is listed on the main board of the Singapore Exchange.

Headquartered in Singapore, the Group is one of the largest REIT managers in Asia ex-Japan and currently manages five REITs listed in Singapore, Hong Kong and Malaysia spanning a diversified portfolio in the retail, office, industrial and logistics sector.

ARA's business specialises in the following areas:

- REIT management – ARA is one of the largest REIT managers in Asia ex Japan and currently manages five REIT's listed in three countries; Fortune REIT, dual listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Prosperity REIT listed in Hong Kong and AmFirst REIT listed in Malaysia.
- Private Funds – the Group manages several private funds investing in real estate and real estate securities in Asia.
- Real Estate Management Services – the Group provides property management services and manages the award winning Suntec Singapore International Convention and Exhibition Centre.
- Corporate finance advisory services – the Group has an in house advisory arm providing corporate finance advisory services to related operations.

Further information www.ara-asia.com

About APN Property Group

APN Property Group is one of Australia's leading boutique real estate investment managers, managing a suite of open and closed-end real estate funds that invest in public and private real estate investment trusts and direct real estate.

Listed on the ASX (Code: APD), APN has \$2.6 billion in funds under management as at 31 March 2010 and more than 60 employees based in Melbourne (Head Office) and London. Collectively, APN manages investments on behalf of more than 10,000 direct clients and well over 100,000 indirect clients through investment platforms.

Further information www.apngroup.com.au