



APN European Retail Property Group (AEZ)

**Unitholder meeting
Sale of main undertaking**

**21 December 2011
Commencing, 2.00 pm**

**Hall & Wilcox
Level 30, 600 Bourke Street
Melbourne Vic 3000**

Order of Proceedings

Slide 1: Unitholder meeting

Slide 2: Welcome

Good morning ladies and gentlemen and welcome to this unitholder meeting for the APN European Retail Property Group, or “AEZ”, as it is commonly referred to.

My name is Paul Anderson. I am CEO Europe for APN Property Group. I have been appointed by, APN Funds Management Limited (APN FM), the responsible entity of AEZ to be the chairperson of this meeting.

As it is now 2:00 pm and we have a quorum present, I have pleasure in declaring the meeting open.

I'd like to start by offering our apologies for the late notice of postponement of the original meeting, in particular to any unitholder that attended for the meeting last Friday.

Slide 3: Agenda

The agenda today will include a brief outline of the purpose of this meeting, some comments in relation to the current position of AEZ and the two resolutions proposed for consideration at this meeting today.

Unitholders will have an opportunity to ask questions before proceeding to the formal voting process.

At the conclusion of the meeting, you are invited to join us for refreshments and to speak with the representatives from APN Funds Management who are present here today.

They include:

- Mr David Blight – APN Group Managing Director
- Mr David Simmonds – CFO Europe
- Mr John Freemantle – APN Group CFO

We also have present:

- Mr Paul Radici and Mr Peter Caldwell from our auditor, Deloitte Touche Tohmatsu; and
- Mr Tony Macvean and Mr Mark Inston of Hall & Wilcox Lawyers – who are available to assist in answering any technical legal questions concerning the business of the meeting.

Slide 4: Purpose of meeting

The purpose of today's meeting is to consider the two resolutions set out in the Notice of Meeting dated 15 November 2011.

- Resolution 1, if approved, would enable the sale of AEZ's portfolio of properties; and
- Resolution 2, if approved, would enable the de-listing of AEZ at an appropriate time, provided that it is done in accordance with certain conditions.

Your approval today will enable the orderly sale of the assets and wind up of AEZ as contemplated by the Omnibus Deed entered into in March and advised to the market on 15 March 2011. De-listing is a consequence of this process and approval today is intended to negate the requirement and cost of convening a second meeting at a later date.

Slide 5: Background to proposal and resolution

- The circumstances that have led us to this position have been well documented in advice to unitholders and market announcements over the last four years. The global financial crisis continues to have a significant impact in Europe and has caused substantial reduction in the value of AEZ's property assets.
- As outlined in the Explanatory Memorandum accompanying the Notice of Meeting, AEZ has for some time been in breach of various covenants under its working capital facility (**WCF**) with The Royal Bank of Scotland, Plc (or **RBS**) and some of its direct property loan facilities with RBS and other lenders.
- RBS agreed to an extension of the WCF on a number of occasions, although at all times it reserved its rights in respect of covenant breaches. The exercise by RBS of its rights in respect of covenant breaches would have almost certainly led to the winding up of AEZ.
- For the 18 months preceding November 2010, APN FM investigated possible ways to remedy the WCF covenant breaches and recapitalise AEZ, including raising capital, alternative debt funding and asset sales. Ultimately, it was decided that none of these alternatives was in the best interests of Members.
- In November 2010, RBS advised APNFM that it was unwilling to extend the WCF further without the loan covenant breaches being dealt with and an asset sale program being put in place.
- Accordingly, and as announced to the market in November 2010, APN FM formed the view (having considered all other alternatives) that the only viable course of action (other than winding up) was to dispose of AEZ's assets in an orderly, progressive manner. In APN FM's view this was the only way to ensure the continued operation and solvency of AEZ, to repay the debt to RBS and to preserve any unitholder value.
- As notified to the market on 15 March 2011, AEZ and RBS entered into an Omnibus Deed and an extension and amendment to the WCF. If these documents had not been entered into, the WCF would have been due and payable in full on 14 March 2011 and there is a strong likelihood that either RBS or AEZ would have appointed a receiver to AEZ and/or commenced a winding up of AEZ resulting in the loss of any unitholder value.
- These documents restructured the RBS debt including the granting of additional security, restrictions on the application of proceeds and a "pay if you can" arrangement which is intended to ensure and prioritise the continued solvency of AEZ. The documents also contemplate an asset sale program which:
 - sets out a number of milestones for the sale of AEZ's assets, with the understanding that AEZ is likely to be wound up and delisted on completion of the asset sale program with, after discharging bank debt and all other liabilities, any surplus assets distributed to Members; and
 - contemplates all of AEZ's assets being sold by 30 November 2012, being the date that the WCF expires.

Slide 6: Why Member approval is being sought

- Your approval today to the sale of assets is required under ASX Listing Rule 11.2 which provides that if a listed entity proposes to make a significant change in the nature or scale of its activities which involves the entity disposing of its main undertaking, it must obtain the approval of members.
- The requirement for approval excludes the following assets:
 - Dortmund (part of the Roller portfolio) which was sold for €11 million;
 - the Spanish Portfolio which was sold for €70 million; and
 - City Gate in Greece which has not yet sold.

The ASX has determined that the sale of these assets does not constitute a sale of the main undertaking and can be sold without the approval of members.

- APN FM has also entered into agreements to sell:
 - Traisenpark shopping centre in St Pölten, Austria, for €61.5 million; and
 - San Guillianio and Gallarate shopping centres in Italy for €13.4 million.

Both sales are conditional upon the approval of members at this meeting today.

Slide 7: Directors Recommendation

As outlined in the Notice of Meeting, The Directors of the Responsible Entity believe the resolutions are in the best interests of Members, and they unanimously recommend that unitholders vote in favour of both, for the following reasons:

- A sale of AEZ's assets via an orderly, managed program provides the opportunity to maximise the saleability and value of each investment and to optimise the prospect of a return to members;
- Conversely, if the asset sale program does not occur, it is likely that the various entities in the Group would become insolvent and the Responsible Entity would have no choice but to wind up AEZ. In these circumstances it is almost certain that there will be no return to members.

In addition, AEZ will make a special distribution of 0.25 cents per stapled unit in AEZ payable on or before 31 March 2012, if the resolutions are passed. This payment is being funded largely by the reduction in disposal fees payable to APN FM.

Slide 8: Formal business, questions and voting

Ladies and gentlemen, we will now move to the formal business of today's meeting.

Unitholders who are eligible to vote should have received a yellow voting card when registering for the meeting today. Only those persons holding a yellow voting card are entitled to vote on these resolutions. If you believe you should have been given a card but have not received one, please go to the registration desk where a registration official will assist you.

Time will be allowed for relevant questions prior to voting on each resolution.

Slide 9: Resolution 1 – sale of main undertaking

The first resolution seeks approval for the sale of AEZ's main undertaking. It is documented in the Notice of Meeting and shown on the screen behind me.

Does any unitholder wish to speak in relation to the resolution or ask any questions? If you do, please raise your yellow admission card and begin by stating your name clearly.

[Questions / Discussion]

Slide 10: Resolution 1 - Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me.

I intend to vote all open proxies that I hold in favour of the resolution.

Put to Vote

I now put to the meeting the resolution to approve the sale of AEZ's main undertaking.

Slide 11: Resolution 2 - Delisting

Resolution 2 seeks approval for the de-listing of AEZ at an appropriate time, provided that it is done in accordance with specified conditions. Resolution 2 is conditional on the approval of the first resolution and depending on the result for Resolution 1 may not be relevant.

Does any unitholder wish to speak in relation to the resolution or ask any questions? If you do, please raise your yellow admission card and begin by stating your name clearly.

[Questions / Discussion]

Slide 12: Resolution 2 - Proxies

For this resolution, proxy instructions have been received by the secretary. A summary of these instructions is set out on the screen behind me.

I intend to vote all open proxies that I hold in favour of the resolution.

Put to Vote

I now put to the meeting the resolution to approve the de-listing of AEZ at an appropriate time.

Slide 13: Close

Ladies and gentlemen that concludes the formalities and I now declare the meeting closed.



APN | Property Group

APN European Retail Property Group (AEZ)

Unit holder meeting

21 December 2011



Welcome



Agenda

A low-angle, upward-looking photograph of modern glass skyscrapers. The sun is low in the sky, creating a warm, golden glow and long shadows across the glass facades. The perspective makes the buildings appear to converge towards the top of the frame.

Purpose of meeting



Background to the resolutions



Why your approval is being sought



Directors recommendation



Formal business, questions and voting

Resolution 1 – Sale of main undertaking

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for APN FM to dispose of AEZ’s main undertaking in such manner and on such terms as APN FM sees fit (subject to its fiduciary and statutory duties to Members).”

Resolution 1 – Sale of main undertaking

Summary of Proxy Instructions

For	Open	Against
138,991,463 71.14%	2,489,868 1.28%	53,893,352 27.58%

Resolution 2 – Delisting

If Resolution 1 is passed, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, if APN FM exercises its discretion to wind up AEZ by providing Members with 3 months written notice (in accordance with the constitution for each of the Holding Trust and the Management Trust and the Corporations Act), the Members approve the delisting of AEZ from the official list of the ASX provided that:

- (a) such delisting occurs 3 months from the date that APN FM provides Members with notice that it intends to wind up AEZ or as soon as reasonably practical thereafter; and***
- (b) APN FM provides Members with notice that it intends to wind up AEZ by 30 November 2012 or such later date approved by the ASX; and***
- (c) Members are provided with at least 1 month’s written notice of the date that the Securities will cease trading on the ASX together with (to the extent practicable) APN FM’s estimate of the forecast distribution for each Security (if any) on the winding up of AEZ.”***

Resolution 2 – Delisting

Summary of Proxy Instructions

For	Open	Against
136,049,528 69.65%	2,488,468 1.27%	56,807,887 29.08%

A low-angle, upward-looking photograph of modern glass skyscrapers. The sun is low in the sky, creating a warm, golden glow and long shadows across the glass facades. The perspective makes the buildings appear to converge towards the top of the frame.

Close



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