



ASX Announcement

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Dear Sir/Madam

APN European Retail Property Group (AEZ) Change of accounting basis and net assets position

APN Funds Management Limited (**APN**) in its capacity as Responsible Entity of the APN European Retail Property Group (**AEZ**) provides the following update.

As previously announced, APN is working with AEZ's principal lender RBS to finalise the terms of a debt restructure and asset sale program for the Group (**Proposed Sale Program**).

These discussions are ongoing and an agreement remains subject to contract and relevant approvals; however APN expects that agreement will be reached to implement the Proposed Sale Program.

Accordingly, APN believes it is appropriate that AEZ's financial statements be prepared on a wind up basis which requires that the Group's assets be recorded at their net realisable values. This means that investment properties are recorded net of expected selling costs and, where relevant, after adjusting for short term marketing periods

While AEZ's 31 December 2010 half year financial statements are presently incomplete and subject to audit review and board approval, APN has now received draft valuations for its investment property portfolio.

Using the wind up basis of accounting and the draft valuations, APN expects the AEZ Group's 31 December 2010 net tangible assets position to be materially lower than as at 30 June 2010.

AEZ's results for the half year ending 31 December 2010 are scheduled for release on 24 February 2011.

Please contact APN Investor Services on 03 8656 1000 or 1800 966 456 with any queries in relation to this announcement.

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 33 retail properties located in five countries across Europe. The Group is managed by APN Funds Management Limited.