

27 August 2008



SEMI-ANNUAL DISTRIBUTION STATEMENT AND TAX RETURN INFORMATION

APN Champion Retail Fund | ARSN 127 948 127

Dear Investor

We are pleased to enclose the distribution statement for your investment in the APN Champion Retail Fund (the Fund) for the period ended 30 June 2008 and delighted to report to investors that the settlement of the Champion portfolio of properties occurred on 20 August 2008.

An annualised pro-rata distribution of 10.08 cents per unit (CPU) has been paid to you from the date of allotment. Based on the initial \$1.00 issue price the distribution reflects an annualised yield of 10.08% after all fees and expenses.

Tax deferred component

In accordance with the Product Disclosure Statement (PDS) dated 18 December 2007 the tax deferred portion of distributions was forecast at approximately 80%. Due to the fact that settlement was not fully completed in the 2008 financial year unfortunately the original anticipated tax deferred portion of distributions could not be achieved. However, in order to adequately compensate investors for the loss of the tax deferred benefit during the period, the distribution rate has increased from 9.00 CPU to 10.08 CPU.

Settlement

Settlement of the Champion portfolio of properties occurred on 20 August 2008 with the economic rights and benefits attributed to the properties transferred to the Fund as at 1 July 2008. As part of the settlement process the Fund received an income benefit from the vendor from February 2008 through to 30 June 2008 in relation to a partial payment paid to the vendor in consideration for the acquisition.

The distribution was deposited into your nominated bank account on 27 August 2008. If you do not receive the amount indicated in the attached distribution statement please contact Investor Services on 1800 996 456 and quote your investor number.

If withholding tax has been deducted from your distribution you are either a non-resident investor or you have not supplied us with a Tax File Number (TFN), Australian Business Number (ABN) or you fall within an exemption category. Please provide us with your TFN or ABN if you wish to avoid future deductions of withholding tax.

Please turn over

APN Online Access

The easiest way to track your investment is with APN Online Access where you can securely and conveniently access and manage your APN investments at anytime. With APN Online Access you can:

- Access your account details
- View your investment value across all investor accounts
- View transaction history and generate your own transaction statements
- View your statements.

We'll continue making enhancements to this online service over the coming months to help you manage your investments in a more seamless and convenient manner – however we'd be keen to hear your thoughts so please feel free to share your feedback with us by emailing us at apnfm@apngroup.com.au

To apply for access, simply log onto www.apnfm.com.au and select 'APN Online' to download the form. Your Online Access ID will be emailed and your password will be mailed to you.

If you have elected to receive your distribution statements via email, you will no longer receive a paper statement for future distributions.

Thank you for your continued investment with APN Funds Management – we seek every opportunity to provide you a solid investment with a steady income stream to help you achieve your investment objectives.

Yours sincerely

APN FUNDS MANAGEMENT LIMITED



Howard Brenchley
Director and Chief Investment Officer

Prefer to receive your Distribution Statements via email?

Avoid the cumbersome paper trail and help our environment by electing to receive your statements electronically.

To receive your distribution statements by direct email, simply email us at: distributionstatements@apngroup.com.au