



20 February 2014

## Update regarding the APN Property for Income Fund ARSN 090 467 208

Dear Investor

### Reopening to daily applications and redemptions expected by 30 June 2014

We are pleased to announce that the liquid component of the APN Property for Income Fund (the “Fund”) is approaching its long term target, which will enable a return to full liquidity and business as usual (whereby normal daily applications and redemptions will apply). We are pleased to advise that the Fund is expected to reinstate daily applications and redemptions by 30 June 2014.

APN has worked hard to return the Fund to daily liquidity during a very difficult and challenging period for property and investment markets. Various withdrawal offers have been made since November 2009 whilst ensuring the ongoing integrity of the Fund is preserved, always with the objective of returning the Fund to ‘business as usual’ as quickly as possible.

### Continued sound performance and monthly distributions

The Fund has continued to provide sound returns over this period returning 9.23%<sup>1</sup> per annum over the five years to 31 January 2014, with lower risk (volatility) than the market. With a 15 year track record, the Fund focuses on generating relatively high income, with long-term capital growth. By investing in a diversified portfolio of quality listed and unlisted real estate securities that predominantly derive their income from commercial real estate rental streams, the Fund has consistently delivered sound risk adjusted returns for investors.

The Fund continues to pay regular monthly distributions which it has paid since its inception in 1998 and the Fund is currently yielding 7.05%<sup>2</sup> per annum.

---

1. Past performance is not an indicator of future performance. Retail returns are after all fees and expenses. Assumes distributions are reinvested. Investors’ tax rates are not taken into account when calculating returns.

2. As at 10 February 2014. Current running yield is calculated by dividing the annualised distribution rate divided by the latest entry unit price. Distributions may include a capital gains component. Past performance is not an indicator of future performance.

## What a return to business as usual means for investors

1. If you wish to remain invested in the Fund, *you don't need to do anything*.
2. If you wish to redeem funds, you will be able to submit an application to redeem part or all of your investment in 100% cash on a daily basis when the Fund returns to full liquidity.
3. For those investors who have submitted a current redemption request under the existing quarterly withdrawal offer (whereby redemption requests will be satisfied through a combination of cash proceeds and units in the APN Unlisted Property Fund), please contact APN prior to **5.00pm Melbourne time 14 March 2014** (the closing date of the withdrawal offer) should you wish to withdraw an existing redemption request.

## Highlights of the APN Property for Income Fund<sup>3</sup>

<b>Monthly distributions</b>	Currently yielding 7.05% per annum <sup>4</sup> , the Fund is income focussed and pays monthly distributions.
<b>Full liquidity</b>	Investors will soon have the flexibility of daily applications and redemptions.
<b>Capital growth potential</b>	APN's view is that the potential for both capital and income growth over the next few years is positive. APN expects the AREIT sector to deliver a total return of around 9-11% over calendar year 2014.
<b>Regular income</b>	The Fund's underlying income is predominantly generated from long term lease contracts with high quality tenants.
<b>Quality underlying assets</b>	The underlying Fund assets are high quality and are generally performing well.
<b>Real estate fundamentals in order</b>	Real estate fundamentals are in order in most major Australian commercial property markets - low vacancy rates, rental growth, demand/supply equilibrium and valuations edging upwards.
<b>Defensive style investment</b>	AREITs today generally have strong balance sheets and modest gearing levels. With AREITs refocused on passive domestic rental income, the sector is delivering lower volatility than the broader Australian equity market.
<b>Active management</b>	APN actively manages the Fund to maximise returns and lower risk. The Fund has returned 9.23% <sup>5</sup> per annum over 5 years to 31 January 2014, with lower than market volatility (risk).
<b>Experienced management team</b>	APN's real estate securities team has over 85 years of cumulative experience in managing investments in the AREIT sector.

3. Similar to other managed funds which invest in listed and/or unlisted property securities, an investment in the APN Property for Income Fund is subject to risks relating to the general market and economic conditions, the management of the Fund and the underlying investments of the Fund. Any forecast returns in the Fund may not arise and your investment in the Fund may decrease in value. APN does not guarantee the performance of any fund. Please refer to the product disclosure statement for the Fund located at [www.apngroup.com.au](http://www.apngroup.com.au) to review the benefits, features and risks before making an investment decision in relation to the Fund.

4. As at 10 February 2014. Past performance is not an indicator of future performance. Current running yield is calculated by dividing the annualised distribution rate by the latest entry unit price. Distributions may include a capital gains component.

5. Past performance is not an indicator of future performance. Retail returns after all fees and expenses. Wholesale returns are slightly higher. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns.

## Further information

Thank you for your support and patience as we've worked hard to maximise value and deliver a fair solution for all investors.

We will provide you with a further update closer to the time of reopening the Fund to normal applications and redemptions.

If you have any questions in the interim, please don't hesitate to contact your financial adviser or the APN Investor Services hotline on 1800 996 456.

Yours sincerely



**Howard Brenchley**  
**Executive Director and Chief Investment Officer**  
APN Property Group Limited

This information has been prepared by APN Funds Management Limited (APNFM) (ABN 60 080 674 479, AFSL No 237500) for general information purposes only and whilst every care has been taken in relation to its accuracy, no warranty is given or implied. APNFM is a wholly owned subsidiary of APN Property Group Limited ACN 109 845 068. APNFM is the responsible entity and issuer of the APN Property for Income Fund. The information provided in this material does not constitute financial product advice, does not purport to contain all relevant information necessary for making an investment decision and does not take into account an investor's personal circumstances and objectives. It is provided on the basis that the recipient will be responsible for making their own assessment of financial needs and will seek further independent advice about the investments as is considered appropriate. Past performance is not necessarily an indication of future performance. General risks apply to an investment in APN funds and must be considered before making an investment. In deciding whether to invest or continue to hold an investment in the Fund, a person should obtain a copy of the Product Disclosure Statement (PDS) for APN Property for Income Fund, dated 23 May 2012 and consider its content. We recommend that a person obtain financial, legal and taxation advice before making any investment decision. Allotments or issues of securities will be made only on receipt of an application form attached to a copy of the PDS for APN Property for Income Fund, dated 23 May 2012. A copy of the PDS is available from APN Funds Management Limited, at Level 30, 101 Collins Street, Melbourne 3000 or by visiting [www.apngroup.com.au](http://www.apngroup.com.au).