

APN | Funds Management



10 July 2009

Quarterly distribution statement

APN Property for Income Fund No. 2 | ARSN 113 296 110

Dear Investor,

We are pleased to enclose the distribution statement for your investment in the APN Property for Income Fund No. 2 (the "Fund") for the quarter ended 30 June 2009.

A total distribution of 2.124 cents per unit (CPU) was paid over the quarter. By annualising the June 2009 monthly distribution of 0.7080 CPU, this reflects an annualised yield of 10.96% after all fees and expenses, based on the 30 June 2009 redemption price of \$0.7754 per unit.

The distribution was deposited into your nominated bank account on 10 July 2009. If you do not receive the amount indicated in the attached distribution statement please contact Investor Services on 1800 996 456.

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.

We also advise that your 2009 tax return information statement will be mailed on 17 July 2009.

If you would like to understand the unit pricing process in greater detail, APN Funds Management's Unit Pricing Policy can be viewed on our website at www.apngroup.com.au

APN Property for Income Fund No. 2 performance update

The APN Property for Income Fund No. 2 provided a total return of 10.38% for the quarter versus 15.17% for the S&P/ASX 200 Property Trust Index (AREIT Index) – the strong rebound in the AREIT market saw the first positive quarterly return since September 2007.

Over the past year the Fund returned negative 38.31% versus negative 42.27% for the AREIT Index, an outperformance of 3.96%.

Please turn over

Distribution reduction

The global financial crisis that has disrupted investment markets for well over a year has significantly impacted earnings generated by Australian Real Estate Investment Trusts (AREITs) and unlisted real estate funds. The real estate sector has suffered deteriorating earnings streams which have been caused by higher debt costs, new equity raisings and a reduction in operating income contributing to a further decline in the level of income received by the Fund.

Accordingly, the Fund will be revising its distribution rate for the 2009/2010 year to a level that will align itself with the reduced distribution payout ratios of its underlying investments. We regard this development as the most prudent approach as it would be irresponsible to maintain distributions at current levels. This pending reduction will be advised in the near future.

The recent strategies adopted by AREITs (reducing debt and repairing balance sheets) should lead to medium term price and distribution improvement which supports our philosophy of protecting and growing investors' income and capital over the long term.

APN Online

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

To apply for access, simply complete an application form available at www.apngroup.com.au. Your Online access ID will be emailed and your password will be mailed to you.

Thank you for your continued investment and support during these challenging times – 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