

APN | Funds Management

23 October 2009

Limited liquidity opportunity – Payment of withdrawal requests

APN Property for Income Fund | ARSN 090 467 208
APN Property for Income Fund No. 2 | ARSN 113 296 110
APN Diversified Property Fund | ARSN 113 296 263

Dear Adviser or Investor

As previously communicated, the Limited Liquidity Opportunity for the above APN funds opened on 28 September 2009 and closed on 19 October 2009. Please refer to your Wrap/Platform/Administration system provider for complete details regarding withdrawal transactions, and timing of payments.

Withdrawal request

Withdrawal requests were funded out of cash reserves held in the funds in the following amounts which were allocated for the purposes of funding the Withdrawal Offers.

- APN Property for Income Fund \$10 million
- APN Property for Income Fund No. 2 \$3 million
- APN Diversified Property Fund \$3 million

The volume of withdrawal requests received for each fund exceeded the total funds available for the withdrawal offers and therefore in accordance with section 601KD of the Corporations Act, each withdrawal request received has been scaled back on a proportionate basis as follows:

$$\text{Amount of funds available to satisfy withdrawal requests} \times \frac{\text{Number of Units requested to be redeemed by unit holder}}{\text{Total number of Units requested to be redeemed by all unit holders under the Withdrawal Offer}}$$

Why the Withdrawal Offer is capped

The amount made available for the Limited Liquidity Opportunity is capped to ensure that the funds are effectively managed in accordance with their long term investment objectives and the impact on the proportion of unlisted assets does not compromise those investors who remain invested.

Please turn over

Quarterly Withdrawal Offers

It is our intention to offer a Limited Liquidity Opportunity on a quarterly basis. Our ability to make the withdrawal amount offered each quarter will depend on the level of liquidity in the funds which in turn relies on the proportion of listed (liquid) assets continuing to rise. In the meantime, we continue to actively manage the funds in accordance with the investment objective of delivering regular income and steady capital growth whilst we work towards delivering a more permanent liquidity solution.

Benefits of remaining invested

Investors who maintain a medium to long term investment horizon will continue to benefit from monthly, tax effective income as well as expected long term capital growth. APN's proven investment philosophy of maintaining a disciplined focus on real estate fundamentals will benefit investors over the medium to long term. In addition, APN continues to explore every opportunity to increase liquidity and restore the Funds to "business as usual".

The AREIT market has bounced off its record lows recorded in March 2009, having increased by around 50% to the end of September 2009. In recent months, the gradual return of investor's risk appetite, together with the rebuilding of the sector and positive economic outlook provides a solid foundation for steady capital appreciation.

If you have any further questions regarding the Limited Liquidity Opportunity for the APN Property for Income funds please refer to the attached frequently asked questions or contact your IDPS operator. Alternatively you may contact APN Investor Services on 1800 996 456 or you can email us on apnpg@apngroup.com.au.

Yours sincerely

APN Funds Management Limited



Howard Brenchley
Executive Director and Chief Investment Officer