



11 January 2010

### **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 31 December 2009.

A total distribution of 1.6251 cents per unit (CPU) was paid over the quarter. By annualising the December 2009 monthly distribution of 0.5417 CPU, this reflects an annualised yield of 7.61% after all fees and expenses, based on the 31 December 2009 redemption price of \$0.8544 per unit.

The distribution was deposited into your nominated bank account on 11 January 2010. If you do not receive the amount indicated in the attached distribution statement please contact Investor Services on 1800 996 456. Those investors who chose to have their distributions reinvested will receive their distribution as additional units in the Fund.

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.

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](http://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 negative 0.63% for the quarter which was a strong outperformance of 4.38% compared to the S&P/ASX 200 Property Accumulation Index (AREIT Index).

You can view the latest comprehensive monthly Fund commentary by visiting our website at [www.apngroup.com.au](http://www.apngroup.com.au) and clicking on 'Funds' then 'Monthly commentaries'.

*Please turn over*

### **Market update**

The AREIT Index was up 3.38% in December 2009, slightly underperforming the broader market S&P/ASX 200 Accumulation Index by 0.36%. Office and Industrial Australian Real Estate Investment Trusts (AREITs) were the standout performers over the quarter as sentiment towards commercial property continued to improve and investor risk appetite increased.

The AREIT Index fell 37.80% in the first quarter to its March 2009 low, before rallying 73.60% by year end as investors took advantage of the oversold AREIT sector. Never before have investors seen such volatility in the sector, which was brought about by the Global Financial Crisis. A key contributor to the AREIT market's recovery was the raising of \$12.6 billion of capital over the past 12 months which served to repair balance sheets making AREITs more attractive to risk averse investors.

### **Limited Liquidity Offer**

Despite the improving performance of the AREIT sector, the proportion of liquid assets in the Fund has not materially increased. Accordingly, the Limited Liquidity Offer scheduled for February will not be made. We will advise in April whether a Limited Liquidity Offer will be made in May. Investors should be aware that APN continues to work on longer term structural solutions for the Fund and will advise once a final strategy is determined.

### **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](http://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  
Executive 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](mailto:distributionstatements@apngroup.com.au)