



11 October 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 for the quarter ended 30 September 2010.

A total distribution of 1.6251 cents per unit (CPU) was paid over the quarter. By annualising the September 2010 monthly distribution of 0.5417 CPU, this reflects an annualised yield of 7.99% after all fees and expenses, based on the 30 September 2010 redemption price of \$0.8136 per unit.

The distribution was deposited into your nominated bank account on 11 October 2010.

If you do not receive the amount indicated in the attached distribution statement please contact APN 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) or an Australian Business Number (ABN). 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.

APN Property for Income Fund No. 2 performance update

The APN Property for Income Fund No. 2 provided a total return of 2.48% for the quarter.

You can view the latest comprehensive monthly Fund commentary by visiting our website at www.apngroup.com.au and clicking on 'Funds' then 'Monthly commentaries'.

Liquidity solution update

A proposed liquidity mechanism involving the creation of a new class of listed units on the Australian Securities Exchange (ASX) was announced in June. Under this proposal, investors wishing to redeem their investment could convert some or all of their ordinary unlisted units to listed units which could then be sold on market. Regrettably, following an exhaustive due diligence process with the regulators, the proposed solution has been compromised and we are unable to deliver a viable, timely and cost effective solution. We are disappointed in this result after having invested significant time and expense in pioneering an innovative solution for investors.

We are, however, very close to finalising an *alternative liquidity mechanism* that we believe is a practical and equitable option for all investors.

You can be assured that we continue working extremely hard on creating a viable solution and expect to announce an alternative liquidity mechanism by the end of October.

If you have any queries please contact your financial adviser or APN Investor Services on 1800 996 456 or email us at apnpg@apngroup.com.au.

Yours sincerely



Howard Brenchley
Executive Director and Chief Investment Officer
APN Funds Management Limited

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