



12 July 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 June 2010.

A total distribution of 1.6251 cents per unit (CPU) was paid over the quarter. By annualising the June 2010 monthly distribution of 0.5417 CPU, this reflects an annualised yield of 8.03% after all fees and expenses, based on the 30 June 2010 redemption price of \$0.8097 per unit.

The distribution was deposited into your nominated bank account on 12 July 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) 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.

Important notice regarding Direct Share Purchasing Corporation Pty Ltd

We've recently been requested to supply a register of APN Property for Income Fund No. 2 unitholders to *Direct Share Purchasing Corporation Pty Ltd*. Under the Corporations Act 2001 (Cth), we are required to provide a copy of the register. We understand that some entities requesting registers may be misusing this information to make unsolicited off market offers to investors at less than market value.

You may receive a letter from *Direct Share Purchasing Corporation Pty Ltd* offering to purchase your units at a considerable discount to their underlying value. It is important to note that APN does not support or authorise any such offer. We strongly recommend you check the current unit price prior to making any decision to act on the offer. You can view the latest daily unit price on our website www.apngroup.com.au or alternatively, you can call APN Investor Services on 1800 996 456 or contact your financial adviser.

APN Property for Income Fund No. 2 performance update

The APN Property for Income Fund No. 2 provided a total return of negative 0.31% for the quarter which was an outperformance of 1.03% 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 and clicking on 'Funds' then 'Monthly commentaries'.

Proposed liquidity solution update

You would have recently received a letter outlining the progress we are making in relation to providing liquidity in the APN Property for Income Fund No. 2. We have proposed the creation of a new class of units to be listed on the Australian Securities Exchange (ASX). This proposed solution is a first for managed funds in Australia and we firmly believe it is the most equitable and practical solution that meets the needs of all investors; those who wish to remain invested and those seeking liquidity. The ASX is currently settling a formal response to our proposal and whilst we are confident our proposal will be implemented, we cannot make any guarantees. We will update investors as the position becomes clear.

Yours sincerely



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

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