



19 December 2014

Dear Investor

APN AREIT Fund update - improving the administration of management costs

ARSN 134 361 229

We are writing to you to inform you of an improvement to the way in which APN Funds Management Limited (**APN FM**) charges management costs for the APN AREIT Fund (**Fund**) which will take effect from 1 January 2015.

You are currently charged a management cost of 1.05% per annum of the net asset value of the Fund and separately receive a quarterly rebate of 0.20% to your investment account. This ensures the net management costs you pay are capped at 0.85% per annum.

From 1 January 2015, APN FM will reduce the management costs for all investors who do not pay adviser fees from 1.05% to 0.85% per annum on a net asset value per unit basis. Reducing the base management cost is more equitable for investors and simplifies the administration of your investment by eliminating the need for quarterly rebates to be paid separately by the Fund. To facilitate this change administratively, your units will be reclassified as Ordinary Class Units.

The only change that you will notice to your investment is the elimination of the quarterly rebate which has previously been shown in your quarterly distribution statement; all other aspects of your investment in the Fund *remain the same*. Your net management costs remain capped at 0.85% per annum.

If you have any queries please contact your financial adviser or APN Investor Services on 1800 996 456 weekdays 8:30am to 5:30pm Melbourne time or email us at apnpg@apngroup.com.au

Thank you for your continued support of the Fund. Our team of investment specialists continue to work hard to deliver relatively high income paid monthly with lower risk than the market in order to help you achieve your wealth goals.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Doble', with a stylized flourish at the end.

Michael Doble
Chief Executive Officer Real Estate Securities and Fund Manager
APN Funds Management Limited