

3 August 2015

Dear Investor,

Residential Property Fund

Further to our update to investors in February, we wish to advise that the Perth property has now been sold.

Details of the Property Sale

- Property address: 12 Sydenham Rd, Doubleview, WA 6018
- Sale price: \$865,000

The sale price was less than the 30 June 2014 valuation due to the downturn in the Perth property market as a result of the decline in the mining industry. In addition the house was in need of repair that delayed the sale.

Withdrawal Offer

As a result of the receipt of proceeds from the sale, the Fund will be open for redemptions during the period from 3 August 2015 until 31 August 2015. An amount of \$800,000 will be made available to fund withdrawal requests. Where withdrawal requests exceed the amount made available, withdrawal requests will be scaled back and paid out on a pro-rata basis, subject to unitholders who own less than \$5,000 of units will be paid out in full.

The minimum amount that can be redeemed is \$1,000.

Units will be redeemed at the net asset value per unit at the date the Withdrawal Offer closes on 31 August 2015. There is no sell spread, that is, there are no current redemption fees. Transaction costs, such as costs associated with sale of an asset, are included as expenses and liabilities when calculating unit prices. By way of guidance the redemption price at the end of June 2015 was \$0.84 per unit.

We have recently been informed by the largest unitholder in the Fund that they wish to redeem their investment in full. As they own the majority of units issued by the Fund, the responsible entity will seek to sell the remaining properties in the Fund over the next 18 months as current leases expire. Accordingly, the unit price of the Fund will take account of selling costs associated with all the remaining properties owned by the Fund.

If you wish to redeem some or your entire unit holding, please complete the Withdrawal Request Form. Additional forms are available on the Vasco website or by contacting Vasco on +61 3 8352 7120.

Withdrawal requests do not guarantee redemption, and may be satisfied wholly or in part. Requests will be considered with respect to the liquidity of the Fund, the interests of members as a whole and any other requirements by the Corporations Act and the Constitution of the Fund.

We expect unitholders to receive the proceeds of the Withdrawal Offer within 10 business days following closure of the offer on 31 August 2015.

Further Withdrawal Offers

The responsible entity proposes to make additional withdrawal offers following the sale of the other properties owned by the Fund.

Valuation of Properties

We have received the 30 June 2015 valuation reports. The results are as follows:

Property	June 2015 Valuation	June 2014 Valuation	Net change
Unit 2 at Derby Street Coorparoo, Qld	\$305,000	\$350,000	-\$45,000
Unit 3 at Derby Street Coorparoo, Qld	\$305,000	\$350,000	-\$45,000
Duffield Rd Kallangur, Qld	\$275,000	\$280,000	-\$ 5,000
Roseberry, Darwin, NT	\$425,000	\$430,000	-\$5,000

New Investment Strategy

As a result of the proposed sale of the direct properties owned by the Fund the responsible entity will amend the investment strategy of the Fund effective 1 January 2016 so that the Fund will pursue its strategy of providing investors with an exposure to residential real estate through investing in direct properties, as currently undertaken, as well as through managed investment funds and ASX listed securities whose predominate focus is residential real estate. This should provide investors with a broader exposure to the residential market, increased liquidity as well as the prospect for improved income.

Reduction in Responsible Entity fees

Following the sale of the last of the above properties from the Fund it is the intention of the responsible entity to reduce the fees to which it is entitled from the current minimum annual responsible entity fee of \$50,000 to \$25,000.

2015 Financial Report

The 2015 financial accounts are currently being finalised and will then be subject to audit by accounting firm, Grant Thornton. The financial accounts will be made available to unitholders prior to the end of September 2015.

Information Update

The Vasco website at www.vascofm.com has been updated with additional information on the Fund including:

- Withdrawal Request Form for the current Withdrawal Offer
- RG46 disclosure on key metrics on the Fund
- Unit Pricing Policy
- Unit Price History
- Overview of the property portfolio

Contact Details

All correspondence in relation to the Fund should be forwarded as follows:

Administration Manager
Residential Property Fund
Level 3, 454 Collins Street
Melbourne, Vic 3000

Telephone: 03 8352 7120
Facsimile: 03 8352 7199
Email: info@vascofm.com

We look forward to being of service to you.

Yours sincerely,

Craig Dunstan
Managing Director

PLEASE USE BLOCK LETTERS AND BLACK INK TO COMPLETE THIS WITHDRAWAL FORM

The Fund is open for redemptions during the period from 3 August 2015 to 31 August 2015. Withdrawal requests do not guarantee redemption, and may be satisfied wholly or in part. Requests will be considered with respect to the liquidity of the Fund, the interests of members as a whole and any other requirements by the Corporations Act and the Constitution of the Fund. The minimum amount that can be redeemed is \$1,000. If your Unit holding in the Fund has, or results in, a current value of less than \$5,000, then the balance of your units will be compulsorily redeemed. Units will be redeemed at the unit price prevailing on 31 August 2015. The amount withdrawn will be remitted directly into the Investors' nominated account or a cheque can be sent depending on the selection made on the withdrawal request form. After receiving a properly completed withdrawal request from the Investor, Vasco will endeavour to meet these withdrawal requests within 10 business days following the close of the Withdrawal period.

[illegible]

Amount in Dollars

\$.

OR

Amount in Units

.

OR

**My investment in full
(please tick box)**

☐

Branch number □□□-□□□ **Account number** □□□□□□□□□□□□

4. Declaration and investor(s) signature(s)

Please read the declarations below before signing this form. The signatures required are detailed at the bottom of this form.

By signing/sealing the Withdrawal Form I/we declare that:

- I/we have read and understood the terms of the PDS; and
- I/we acknowledge and agree that neither Vasco Investment Managers Limited nor any other person will (to the extent the law allows) be liable to me/us and I/we will not bring any claim or action against Vasco Investment Managers Limited nor any other person, by reason of, or in connection with this Withdrawal Request.

All account signatories must sign below.

Investor 1 / Director

Signature	<div></div>	Date	<div></div>
Surname	<div></div>		
Given name(s)	<div></div>		
Capacity	<div><input type="checkbox"/> Sole Director (company investments only)</div>	<div><input type="checkbox"/> Director</div>	

Investor 2 / Director / Company Secretary

Signature	<div></div>	Date	<div></div>
Surname	<div></div>		
Given name(s)	<div></div>		
Capacity	<div><input type="checkbox"/> Director (company investments only)</div>	<div><input type="checkbox"/> Company Secretary</div>	

Please note:

All account holders must sign for a joint account. If signed under a Power of Attorney, the Attorney verifies that no notice of revocation of that power has been received. An original or certified copy of the Power of Attorney must be provided if not provided previously. Company applications must be signed in accordance with their Constitution. Sole signatories signing on behalf of a company must confirm that they are signing as sole director and as sole secretary of the company. To help expedite the payment process, please provide photo identification (e.g. photocopy of your driver's licence) with your withdrawal request.

Contact us

Administration Manager
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Melbourne, Vic 3000

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