

21 April 2016

Dear Investor,

Residential Property Fund

We wish to advise that one of the Coorparoo properties has now been sold, and as a result of the receipt of proceeds from the sale, the Fund will be open for redemptions during the period from 1 May 2016 until 31 May 2016.

Details of the Property Sale

- Property address: Derby Street, Coorparoo QLD 4151
- Sale price: \$319,000 (This compares to the June 2015 valuation of \$305,000.)
- Settlement date: 15 April 2016

Withdrawal Offer

An amount of \$250,000 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 May 2016. 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 March 2016 was \$0.81 per unit.

As previously advised, the largest unitholder in the Fund has informed us 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 12 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 May 2016.

Further Withdrawal Offers

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

The independent valuations as at 30 June 2015 for the remaining properties are as follows:

Property	June 2015 Valuation
Derby Street, Coorparoo QLD 4151	\$305,000
Duffield Road, Kallangur QLD 4503	\$275,000
Forrest Parade, Rosebery NT 0832	\$425,000

The unit at Derby St Coorparoo is currently tenanted at \$340 per week with the lease expiring on 20th June 2016. The tenant has been provided with two months notice to vacate the property at the end of the lease. The property will then be placed on the market for sale. The 30 June 2015 valuation was \$305,000, however given that the property is fully identical and next door to the one recently sold for \$319,000, we are hopeful that this property will be listed at a similar price when put on the market.

The property at Duffield Rd, Kallangur is currently untenanted. The tenant was provided with a Notice to Vacate due to unpaid rent. An insurance claim has been lodged for unpaid rent and repairs to the property. Once finalised, we will arrange for the repair and maintenance work to be carried out and for the property to be placed on the market for sale with a local real estate agent. Local agents are quoting a sale price of low to mid \$200K due to the current oversupply of townhouses in the suburb and have advised that on average there is a 70 day period for the sale of townhouses compared to 23 days for houses in the suburb.

The remaining Rosebery property is still tenanted with the lease expiring on the 19th of December 2016. However, there is an option for the lease to be extended for another year by the tenant. Once the lease has expired, the property will be placed on the market for sale.

New Investment Strategy

As a result of the proposed sale of the direct properties owned by the Fund the Responsible Entity amended the investment strategy of the Fund effective 1 January 2016 so that the Fund pursues 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.

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
- FY2015 Financial Accounts
- 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 5, 488 Bourke 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

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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