

**CHAIRMAN'S ADDRESS
APGF ANNUAL GENERAL MEETING
25 NOVEMBER 2013**

Good morning Ladies and Gentlemen,

This past year has seen some recovery in property values but this has been patchy across the various property types in the sector.

The commercial property market continues to present mixed results, with quality commercial property assets performing relatively well, while valuations continue to fall for lesser quality assets. Across the commercial market, expectations of capital growth remain subdued.

The residential housing market provides a stark contrast as sentiment and pricing has improved notably in recent months, with low interest rates fuelling growth and some commentators cautioning a return to historic highs.

The outlook for growth in Australia remains subdued and reflects the decline in mining investment, moderate levels of consumer spending and general fiscal restraint.

Business confidence has seen a positive trend in recent months but this needs to be reflected in a build- up in inventory and a commitment to invest in new equipment.

Credit is available but banks remain cautious about risky lending.

There is still a surplus of commercial and housing stock on the market and until this is "washed out" of the system a normal market will not return. In saying this however, I believe we are closer to this now than we were a year ago.

Over the past year, we have continued to undertake an orderly asset disposal program, winding up funds as they reached maturity and selling headstock assets in a gradual and orderly fashion. These disposals, together with the preference share issue and partial off-market buyback have allowed the Fund to deliver liquidity in a tax – effective manner to investors.

Shortly I will ask Geoff McMahon, our Managing Director, to outline more details of our disposals and comment on the strategy for the next year.

Before I hand over to Geoff however I want to make some comment about two directors who are retiring today and who are not seeking re-election.

Firstly, Bob Bryan who was a foundation director and an integral keystone investor through his family company – Leyshon Group. Not only has Bob brought a wealth of experience to

the Board but at critical times during the global financial crisis Bob has ensured that liquidity was maintained to satisfy bank covenants.

Secondly, Ken has brought to the Board an immense knowledge as a Chartered Accountant and his analysis of projects, cash flows and chairing the Risk and Audit Committee has been very much appreciated.

To both of you, thank you for your contribution to the Fund.

I would also like to thank all of the investors for their continued commitment and support.

I now ask Geoff to present his report.

A handwritten signature in black ink, appearing to read 'Neil Summerson', with a stylized, cursive script.

Neil Summerson

25 November 2013