

7 March 2014

Dear Investor

**Domaine Diversified Property Fund (Fund)
Redemption of Units**

The Fund's asset sale program has been completed and the Fund has now entered the final stages of the wind-up process.

The last remaining asset at 518 Brunswick Street, Brisbane was marketed for sale by Jones Lang LaSalle in July 2013 with an extended negotiation period resulting in settlement of the property in November 2013. The Fund's financier, Suncorp, was heavily involved in the sales and negotiation process. The property sold for \$6.5 million which represented a significant shortfall on the Fund's debt facility.

Accordingly and as previously advised to investors, there will be no final return of capital or distribution paid to investors.

The Fund's overall performance has been disappointing and reflects the challenges faced by secondary property assets in recent times. When APGF acquired the responsible entity of the Fund in 2009 distributions were suspended and the Fund was in a fragile position. Whilst APGF's asset and funds management teams worked hard to stabilise the Fund, the challenge of producing returns on the Fund's 50% ownership of the Domaine Belmont Trust, compounded by the expenses required to remove asbestos in the Brunswick Street property, meant the Fund's financial position could not be improved.

The final audit of the Fund's final financial statements has been completed. Should you wish to review the accounts please contact our office on 1300 668 698 to request a copy.

Please find enclosed a statement confirming the redemption of units effective 31 December 2013.

Yours sincerely

Australian Property Growth Fund



Geoff McMahon
Managing Director