

CHAIRMAN'S REPORT
BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION
Friday, 13 May 2011

On 2 May 2011 the Australian business, sporting and cultural community mourned the passing of David Clarke AO at a Memorial Service in The Great Hall at the University of Sydney. David passed away on 8 April 2011.

David Clarke was a Member of the AOF Investment Advisory Committee since its first meeting on 9 September 1996, only resigning on 18 March 2011 due to his ill health.

In 2010, David was awarded the AOC Order of Merit and as, advised in the 2010 Annual Meeting Agenda, David "brought great knowledge, insight and experience to the AOF Investment Advisory Committee". We owe him a great debt of gratitude.

As advised in the Annual Report John McIntosh retired from the AOF Investment Advisory Committee at the end of December 2010 having served as a Member of AOF Investment Advisory Committee since May 1996.

I am pleased to advise that Ms Helen Nugent AO has accepted an invitation to join the AOF Investment Advisory Committee. Helen Nugent is a highly respected and experienced company director, including of Macquarie Group. Helen is also now Chancellor of the Bond University and we look forward to her contribution to the AOF in the future.

At 31 December 2010 the Foundation's net assets totalled \$115.1 million compared to \$115.8 million at the end of December 2009.

The AOF made an interim distribution of \$1.57 million to the AOC for the March Quarter 2011, bringing to \$69.3 million, total cash contributions to the AOC since 1 January 2001.

Australian and international equity markets posted positive returns in the March Quarter despite investor confidence being tested by the floods in Queensland and other parts of Australia, the earthquake and tsunami in Japan and concerns over political unrest and uprisings in the Middle East and North Africa. As well there was continuing concern over the economies of some European Countries.

At the same time we also recognise that in Australia there are uncertainties emerging in some corporate areas as a result of the strong Australian dollar, the prospect of increases in interest rates, higher commodity prices and possible wage pressures.

At end April 2011 the AOC's net assets totalled approximately \$116.6 million comprising managed funds valued at \$115.2 and cash and short term deposits of \$1.4 million.

The Investment Advisory Committee met in February and on 10 May 2011. At the February meeting presentations were made by our consultant, Mercer Investment Consulting (Mercers) and also Fund Managers, Lend Lease (direct property) and Wellington Management (investment grade credit).

At the 10 May meeting presentations were made by Mercers and the Goodman Australia Industrial Fund.

We believe the Foundation is well placed to face future economic challenges and participate in the future growth of the Australian and international economies.

JOHN COATES AC
Chairman