



*Transcript of
Alpine Quarterly Closed End Fund
Conference Call
December 30, 2008*

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Participants

Marc Rappaport, Senior Managing Director
Steve Lieber, Chief Investment Officer
Sam Lieber, President and Head of the Real Estate team
Jill K. Evans, co-manager of the Dynamic Dividend fund series,
Kevin Shacknoffsky, co-manager of the Dynamic Dividend fund series

Presentation

Operator

Greetings and welcome to the Alpine Quarterly Closed End Fund Conference Call and Webcast. [Operator Instructions]. As a reminder, this conference call is being recorded.

It is now my pleasure to introduce your host Marc Rappaport, Senior Managing Director for Alpine Funds. Thank you. You may begin.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you Joe. Good afternoon everyone. This is Marc Rappaport, Senior Managing Director of Alpine Funds and host of today's call.

We are committed to regularly keeping you informed of what we are thinking and our strategy is here at Alpine, and that's the main purpose of this regular, quarterly conference call. As we've stated before, good times or bad, we will be out in front of our investors and advisors both. Our funds are unique, and we believe the more one understands our differences and our thinking and how we manage capital, the more conviction one might have in our global dynamic dividend strategies built for high-current income and long-term capital appreciation and global premier property strategy for growth and current income.

The funds recently declared distributions with AOD and AGD announcing that distribution rates are unchanged and moving to a monthly declaration. During the same time, AWP announced a lower distribution rate of 3 cents per share.

This call will touch on the differences in the Fund's objectives and circumstances surrounding these announcements. As well, we will look at the outlook and our current thinking here at Alpine.



As a reminder of what these funds are and are not, these funds are diversified in over 95 companies for AGD, over 125 for AOD, and over 150 for AWP. The funds are global with exposure to over 20 countries. None of the funds are currently leveraged, and yet they do have the ability to utilize leverage. Global Premier Property Fund does not invest directly in any real estate properties but rather in the listed securities of real estate related companies. The funds each pay a monthly distribution of income and have a blend of capital appreciation strategies and dividend capture strategies. We are not anticipating any return of capital for AOD and AGD's 2008 distribution. We are anticipating a minor return of capital for AWP's 2008 distribution. We will have full accounting details provided in mid February regarding this.

Now, both AOD and AWP have also issued a press release announcing that they are buying back shares of the fund when it is appropriate. To date, as of last night, regarding AWP over 634,000 shares have been repurchased. Regarding AOD, over 112,000 shares currently have been repurchased.

We will be hearing comments from our Chief Investment Officer, Steve Lieber, our President and head of the real estate team, Sam Lieber; and the Co-Portfolio Managers of our Dynamic Dividend series, Jill K. Evans and Kevin Shacknofsky. After hearing from our Chief Investment Officer and portfolio managers, we will respond to questions you present via the "Ask a Question" link on our new webcast page that hopefully many of you, if not all of you, are using right now for this call.

Steve Lieber, as Founder of the Evergreen Funds in 1971 and Co-Founder of Alpine, has built teams of analysts and managers to navigate portfolios through periods of great challenge and opportunity. Steve has himself managed portfolios for over four decades now including the country's first ever Dividend Income Fund back in the 1970's. Here with us to start our call with his view is Steve Lieber.

Steve Lieber, CIO - Alpine Funds

Greetings Marc. I appreciate the introduction. I know everyone listening shares with me the issues of this most extraordinary, challenging market that we have encountered in at least a generation. It has been very hard for all to experience the decline in asset values in this period particularly as values fell for so many securities whose fundamentals appear attractive both for the short and long run. I am convinced that in most cases the issues are not those of the fundamentals of the securities, but as we so often hear with a challenge of the drying up of credit and liquidity. It has been unprecedented to encounter a situation such as we saw when the Chairman of the Federal Reserve and the Secretary of the Treasury were both busy making public pronouncements about a credit crisis and a stoppage of credit flows. I believe that their statements magnified the crisis and yet their own reactions in September in the case of the Lehman liquidity challenge did not fully recognize the complexity and interdependence of the world financial mechanisms. The chaos which followed the Lehman episode compounded with the Fannie Mae and Freddie Mac virtual seizures and then the huge funding for AIG all lead to the panic we saw over the vote for the TARP program.

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Now we are faced with a debate as to whether the \$350 billion expansion of government funds supports banks in the TARP system was the right move or whether it should have been the original intent of buying troubled investments.

All of this relates to the combination of investments we are talking about today. Dividend funds are supported in value by expectations of corporate solvency, liquidity, and adequacy of future flows to cover dividends. Real estate investments throughout the world are deeply dependent on financing through a well-established commercial mortgage structure. Our holdings in each areas of this environment will be impacted by investor uncertainty over credit availability and currency liquidity.

While watching this vast credit drama unfold, we have not simply sat idly by content with a long view. We made the effort to move the portfolios out of the less secured sectors of the economy into those least likely to be hurt in the negative environment. As you will hear from Jill Evans in a few minutes, the dividend funds have placed particular emphasis on companies with powerful positions and long histories of providing the necessities of life and health. We have not only tried to avoid cyclical vulnerability, but we are also placing increasing emphasis on companies with a historical record of and potential for trends of accelerating dividends.

When you hear from Sam Lieber you will learn of an investment portfolio emphasis on companies which have successfully driven through adverse credit cycles in real estate and emerged as more powerful growth leaders. You will see the extent to which the vulnerability to the credit cycle has been seen before in major international markets and yet where after the depths have been reached, these companies came through with accelerating share price growth as investors realized that assets of a long-term nature had become deeply undervalued in the short term. We think that the new political leadership taking sway in Congress on January 6 and the administration on January 20 is very well aware for the need for them to facilitate the restimulation of credit and financial liquidity in the United States.

The discussion by Mr. Obama of the need to build 3 million jobs, by others of the need for a stimulus of \$700 billion to \$1 trillion, all speak to this point. We think the United States will not be alone in this effort to restimulate. We have already seen the unprecedented interest-rate cuts of the European and British central banks, of the purchase of banking assets by Britain and various European countries, and of great urgency, we have encountered as China moved into a fiscal and monetary stimulus to offset the strong slowing impacts which have already hit the economy.

Our emphasis is on recognizing that there are historic undervalued assets in our portfolios and in the market. We hope to exploit them well in terms of individual security selection, timing, country selection, and constant reappraisal of the economic and political impacts.

We recognize that the period ahead will not be easy, but the record does demonstrate that after adversities such as we have seen in recent months, great gains can be achieved. We believe that a revised, more effective and regulatory investment environment will also facilitate the recovery of investment values such as are held in our funds.

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Thank you. Jill.

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

Great. Thank you, Steve. As we look into 2009, we are cautiously optimistic that we will see a better year for equities. I will start out for Kevin and myself for the dividend team. What comes to mind as we head into 2009 is something I have been talking about in the office lately is the Japanese word for crisis, which I don't know if you know this. The Japanese word for crisis is actually comprised of two separate symbols that translate into danger and opportunity. I thought that was very pertinent heading into '09 because we likely do see some dangers and some opportunities.

The dangers we see is the potential for a deep and long global recession. In addition, we see earnings estimates being cut globally and the risk that dividend payments decrease in line with these earnings. However, we also see opportunities and we see several positive catalysts for equities and we remain optimistic that we should be able to continue to find attractive dividend opportunities for our investors.

As Steve mentioned some of these positives include number one the massive fiscal stimulus packages from the new Obama administration and from governments around the world. Two is the massive monetary easing with global interest rates approaching zero. Three would be improved household balance sheets from the eventual stabilization of housing prices and declining inflation. Four would be generally attractive equity valuations. As Steve mentioned we are expecting President Obama and Congress to work quickly in 2009 to implement a variety of fiscal stimulus policies, which we hope, will provide a floor on equity valuations. Eventually this should help to loosen credit markets and stabilize economic growth. Our forecast and hope is that we will get a rebound in Gross Domestic Product growth by the second half of '09 and looking for more solid growth in 2010. As you know, equity markets will begin to discount this and we are cautiously optimistic again that equities will look better in '09.

Not only are we optimistic and hopeful on the overall macro policy. We are also hopeful that 2009 will be a better investment environment for AOD and AGD's strategy. What we mean by that is that we are hoping that dividend investors are going to be -- income investors will be searching for higher yields and looking for higher-quality stocks that should bode well for our strategy. With rates approaching zero and treasury yields at all-time lows, we hope as we head into '09 investors will be searching for higher income opportunities. One of the things that we think is interesting is that we've included a chart on the website that shows dividend income as a percentage of monthly total return in various decades for the S&P 500. At what you can very clearly see is that the decades that included bear markets and recessions in the 1940s and 1970s, we saw dividend income represent more than 50% of total return. As Steve Lieber will personally experience coming out of the bear market in 1974, he saw investors flocking to dividend funds in search of high-quality equities and income. We believe that we may be entering this similar environment in '09 and our strategy should be very well positioned in this environment.

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Another positive is equity valuations have corrected to the point where many stocks are pricing in businesses as cheaply as we saw back in the bear market in 1974. With many P/E ratios in our portfolio in single digits. Actually, we just ran the numbers before we walked in here and actually over 40% of the stocks in our portfolio currently have single digit P/Es. I would throw out some of those names in the high-quality. We have Consol Energy trading at five times its forward '09 earnings. We have Pfizer trading at seven times. Union Pacific, Regal Entertainment, and AT&T all at nine times forward earnings. I think you would agree with us that these stocks offer some very attractive values at some very attractive pricing evaluations. We continue to look for those opportunities for our investors. Like Warren Buffett wrote in his New York Times editorial in October, we may continue to see short-term volatility, but we see great long-term value in the market for our investors. We just need to see confidence restored and that should come with improving credit markets and some sort of housing legislation and some more action coming from Congress.

I see the biggest negative that will be a drag on sentiment will be unemployment. I'm sure you are aware that in November the US posted its highest jobless claims rating since 1982. However unemployment is a lagging indicator and we are hoping that the market will start looking forward and discounting some of this negative economic news.

So how are Kevin and my position in the portfolio? We will continue and '09 with our barbell approach to stock selections. What we mean is that a portion of the portfolio will continue to be invested in more defensive companies with strong and sustainable earnings and cash flow growth with the potential for increase in dividends. At the other end of the barbell we are searching for extreme value opportunities in some strong companies in more cyclical sectors who we believe their stocks have been overly punished this year. So although the dividend paying universe will likely decline in '09 we continue to dig and find opportunity for rising dividends and earnings. For example, in our current portfolio if you look at 2008, we actually have 80% of our stock that has increased their dividends in 2008 and another 12% that were flat. We only saw 6% of the companies in our portfolio with declining dividends in '08. As you look out to '09 and the forecasted dividends out there, we have about 63% of the portfolio that is forecasted to have rising dividends and another 20% flat. Even though it is a pretty difficult environment out there, we continue to dig and find opportunities for increasing dividends and we would say earnings.

As we screen the portfolio this morning, we have over 50% of the stocks in our portfolio currently with earnings per share estimates estimated to grow double digit in '09 in this tough environment. We have examples like Molson Coors with 22% earnings growth forecasted for next year. Healthcare Services 20%, De'Leroux (ph) 20%, Monsanto 16%, ICC (ph) holdings 12%, Abbott Labs 10%. These are the type of high-quality and strong earnings growth and dividend, dividend achievers that we have in the portfolio today.

Lastly I just want to focus on our dividend capture strategy. We have given you an update throughout the year that our international nonqualified dividend recapture strategy has actually been one of our best strategies this year. I can tell you that in 2008, we have run the numbers year to date, we are happy to say that this portion of

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the portfolio continues to come in basically flat for the year. This is again our nonqualified dividend capture in the international portion of AOD. These are stocks that we went overseas and got the dividend and we did not hold the stock for 61 days. We rotated. For all of 2008 we basically had flat returns in that strategy, which I think we would all agree, is pretty positive in this environment.

Kevin will go a little more into our dividend strategy in a minute.

In summary, we view the market as a tug of war here. The good news is we have this major fiscal monetary stimulus and declining energy costs and over all inflation. The bad news is unemployment, economic data, like housing and confidence. We also see additional risks from further hedge fund redemptions and liquidations. Basically if you look at the market, it is basically flat in the month of December. Maybe, hopefully, we are bottoming here and we are hoping that the good part of the tug of war, the good news will start to win out in '09 and we will be very well positioned with our strategy heading into next year.

With that, I will turn it over to Kevin.

Kevin Shacknofsky, co-manager, Dynamic Fund Series - Alpine Funds

Thank you, Jill. Today we are optimistic about investing in dividend stocks. In the US, interest rates are practically zero and the rest of the world will soon follow. (inaudible) investors looking for return will soon turn to dividend stocks. Given the magnitude of baby boomers entering retirement, a prolonged period of low bond yields will encourage investors to begin seeking alternative ways to increase income and the high-quality dividend stocks may be the answer.

Dividends are a good valuation indicator. The fact that (inaudible) times dividend yields with S&P 500 have exceeded 10 year Treasuries during the (inaudible) when payout ratios are significantly higher. This points to dividend stocks as a relatively good buying opportunity right now.

The question is how sustainable are dividend yields? This is important as our fund dividend is dependent on companies not cutting their dividends. Data provided by Standard & Poors shows that the number of companies decreasing and omitting their dividends are six times higher year-to-date than experienced in the previous three years. Furthermore, the number of companies increasing dividends was half the rate of the previous three years. We intend to focus our investments in companies with good prospects for dividend payments.

An internal study of the most recent Wall Street analyst forecasts and the most liquid higher yielding companies in Europe showed a potential 13.5% decline in dividends. The brunt of these declines and the financial and auto sectors. Dividend stock markets are generally more bearish than this. Our dividend capture strategy focuses on the European markets. In general, companies outside of the financial sector in Europe experienced good operating conditions for the first three quarters of the year. That should generate 2008 earnings and support their dividends. However we will only have visibility on the dividends obtained in Europe after Q1.

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In order to support our current dividend level, we intend to devote a high percentage of the funds to dividend capture. We also intend to increase the velocity of dividend capture, that is the level of qualified dividends that we generate (inaudible) due to the 61 day holding requirement.

We have changed our practice of declaring dividends three months in advance to one month at a time due to our lack of visibility right now.

With that I would like to pass the call on to Sam.

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

Thank you, Kevin. We are currently afflicted by a crisis of confidence, which has deflated asset (inaudible), which has deflated asset values, (inaudible) capital markets and threatened the livelihood of millions of Americans. The problem in the credit markets sprang from the US subprime housing sector and not from the broader real estate economy per se. The fundamental flaws of excessive leverage and structural illiquidity flows from the asset-backed securitization process championed by Wall Street over the past decade. The decision to permit the bankruptcy of Lehman Brothers allowed this contagion of confidence to spread across sectors and confidence -- continents in a matter of days and thus began the current phase of the cycle in which governments around the world are seeking to infuse their banking system with tremendous liquidity, fund major infrastructure and public work projects and absorb and support key industries in order to provide economic stimulus and jobs.

In essence, the impact of this was to take the portion of the financial economy, which was created to enable commerce, and yet that section is undermining the productive part of the economy. Government intervention has tempered the downturn yet uncertainty remains regarding the depth and duration of this financial tsunami that we face. The crisis of confidence has limited bank lending. It is especially tough on capital-intensive businesses such as real estate.

Now we are confident that the current efforts to stabilize the global banking system is well in hand. The recapitalization process should permit banks over the next couple of years to either dispose of or workout of impaired loans. Unfortunately, the perspective near term continuation of global economic weakness will likely lead to further asset devaluation and income degradation bringing additional pressures to de-lever corporate balance sheets. This may create poor performing loans, but it may also be a while before we see strong competitive lending environments.

Over the next several years, flawed asset backed debt securitizations will come to maturity and require financing. In many cases the future costs of refinancing will be much higher. The requirements for interest coverage and excess collateral value will likely be greater than it has historically been the norm. Many of the debt securitizations which dominated the real estate and finance environment over the past five years will be subject to recapitalization or workouts.

As the cycle unfolds, a key factor will be the way in which debt is either refinance or withdrawn from the marketplace. Existing properties may need injections of additional equity and debt levels and valuations are both adjusted. Loan to value levels may

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well fall from the 70%-80% range typical over the past several years toward 60% as both higher interest coverage and cash flow from cash flow and lower cash flow market multiples or cap rates are used.

The resulting lack of credit for companies means diminished new construction or capital improvements to existing properties. Historically different types of properties required annual reserves of 1%-7% of income to provide for long-term maintenance, periodic physical improvements. In this just ended era of easy liquidity, many companies dispensed with such reserves and now must factor them into their budgeting for debt coverage and dividend analysis.

Over the next few quarters, we expect the majority of these fiscal pressures both to conserve capital and to obtain new book lines of financing to fully impact real estate company cash flows. Already, roughly one quarter of REITS in the US have either cut, suspended or omitted dividends. We have seen a number of listed property trusts in Australia and Europe do the same. We expect several other public companies around the world are also going to follow suit. Unfortunately we do not as of yet have visibility of the dividend payment rates for the middle of next year.

While the debt side of the capital market looks difficult, we suspect that should open up significant opportunity for equity investors in REITS and other publicly traded real estate companies. Public companies should have greater access to capital since they first of all use less debt financing than most private real estate investors or private equity investors and can use their equity as currency. It is possible with the REIT model that is now undergoing significant stress test may emerge in a leaner and more nimble condition emphasizing higher return on invested capital and will enable these companies to once again consolidate the industry.

Now for those of us who are active investors in this sector for more than just a few years, this could create a period similar to what we saw in 1992 through 1995 which was the beginning of the "modern REIT era". This -- that period provided great returns for shareholders in the wake of the S&L crisis. We think this scenario could unfold on a global scale as the deleveraging process continues and investors seek alternative investments for both yield and capital appreciation.

It is important to note that the equity real estate cycle typically leads while the real estate cycle itself lags the overall economy. Thus it is our experience that the equity markets anticipate underlying performance prospects by a range of 6-18 months. In this context, one can understand how the shares of property securities could have fallen to such a degree over the last year or so even though there is not much physical evidence in the real estate market. Transactions have been limited so price discovery has also been limited.

Our economy has rapidly shifted from a period of economic expansion to near global recession in a matter of months. Recall that commodity prices were surging to inflationary peaks less than six months ago, oil futures over \$140 in June, analysts then were calling for prices to hit \$200. Now those same analysts are targeting \$30 per barrel.

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Over the course of 2008 we have witnessed the psychology of the markets move from fear of inflation to stagflation and now deflation. This manic quality is part of the equity markets forward-looking discounting process and it is important to understand in assessing the performance of equities and valuations relative to corporate earnings prospects.

Now with this perspective, I would like to draw your attention to the accompanying table on page two, which shows historical performance patterns for real estate equities over the past cycle. Now to present this picture of the global universe in which AWP invests, we have presented index returns for the global property stocks, global ex-US or international stocks as well as UK, European, Hong Kong and Japanese real estate indices plus three distinct indices in the US. What is important to note on this is a couple of factors. First being the most recent period of returns where we show, and it is bracketed in blue, where we show the highlights from the start of the rally for the given index, through the peak, through its recent decline of which most of these stocks -- all of these stocks seem to have bottomed on November 20 or 21st. And while we won't call that the bottom of the cycle, it certainly is interesting that they are all coordinated at a time when there was massive panic selling and dumping in the marketplace. You can see the range of the gains from 200% to over 800%, all occurring over periods typically of 4-5 years. This is a rather extended up cycle in comparison with historic periods. These were significant gains in part generated with the benefit of all of the liquidity that was provided through the capital markets.

It is worth noting that on the tables as we go to the right we see first in red the declines in this past cycle. Extremely high declines. Typically 65-85%. It is interesting then to note to the right, the last table where we show the average gain or decline in prior cycles through the '80s where available and into the '90s. These were typically at least two full cycles and in some cases five cycles depending on the country in the index. And you can see the differential. It is important to note that these cycles tended to be about half the length, roughly about two and one quarter years in duration on the upside, but a similar duration on the downside, about one and a half years. You can see that the upsides are not quite as great again, shorter cycles by one-half, but the down cycles were not nearly as significant. This gives us hope that this market just as in the prior cycle when we saw the extreme overshooting to the upside both the underlying asset values and the equity values relative to those underlying values has now overshot to the downside. This is where we see some real opportunities as we move forward.

Now let me just briefly touch on a couple of the stocks in the portfolio and why we think that we have positioned the portfolio attractively for this period. I will just touch quickly on the top five holdings and talk about their distinctions. First Annaly Capital Management. High yield, owners of high yield mortgage REITs owning Fannie Mae and Freddie Mac securities. The securities from entities owned by the government. At this stage. They have roughly seven times leverage, not excessive given their history and Wall Street's history. Remember some of the SIVs (ph) were 40-time leverage. This company and their management team has survived through the Russian ruble crisis and long-term capital management in 1998. They are seasoned. It is a large cap company, \$8 billion market cap. Throws off a 13.3% yield. We think it

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is relatively safe and should be a beneficiary as money moves from the banks and from the treasury markets one notch further up the risk spectrum to mortgage backed securities, which will be part of the process of fueling what we believe will be the stabilization process of the housing market now that we have mortgage rates approaching 4.5% over the next few months. We have high yield there and we think a relatively stable situation where there can be an enhancement of book value as mortgages are repriced relative to Treasuries.

The second largest holding Unibail-Rodamco, a large company. \$8 billion euros market cap. Shopping centers, prime shopping centers throughout Europe as well as prime office buildings in Paris. This company is trading at a dividend yield of 6.7%. We think at a 40%-50% discount to net asset value. Solid core holding and this stock has also outperformed the broader EPRA index both in terms of the longer-term of the peak of the cycle it has done a few percentage points better, 52% down versus 66%. But a high-quality company still been hit hard by the concerns in the financial market even though they have a solid balance sheet and stable debt levels and good cash flows from long-term tenants. Such is the fear in the marketplace.

Interesting note, the stock is down 26% since Lehman Brothers blew up versus the index being down around 40%-41%.

Third largest holding in the portfolio is Nomura Real Estate, which is a large developer in Japan, developer owner. This is a very interesting stock in that in July of this year they acquired Toshiba, a large TV screen and electronics manufacturer's headquarters building and real estate operations in general for stock. We talked about earlier, we think this consolidation process is already underway and will grow and expand internationally. This deal just closed this year literally on December 25th. We think that this will provide a solid boost to their earnings, stability of income with an attractively priced underlying asset and we think it will be a transformative event for a company which mind you trades at 8.25 times P/E ratio versus the industry over there which is trading for a comparable company at over 14 times and for some of the very top asset heavy companies, Mitsubishi (inaudible), for example, at 25 times. We think it is a very cheap stock that is transitioning from more of a development basis to the high-quality asset ownership and they have been able to transform through acquisitions, which again we think will be a key theme over the next couple of years.

One other stock in the portfolio, the fourth largest Alexander's, Inc., we have had in our portfolio for a long time. Top quality retail and office real estate. They own Bloomberg's building. They are a New York centered company. Over one third controlled by Bornotto (ph), a third tightly held by Steve Roth and others from Bornotto (ph) and only one third of the company in the float. We think that this company could either be a consolidator under the right circumstances of the other retail oriented real estate companies or it could be consolidated perhaps by Bornotto (ph) itself. We think another potential beneficiary and indeed the company has outperformed the real estate -- the REIT Index the RMS Index both over the longer-term and more importantly since Lehman Brothers collapsed.

Finally, we have another company in Japan called Japan Logistics. This is, as it states, an industrial warehousing and logistics company, a REIT. Many of the REITs

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have been hit hard. This stock is down 58% from its high. That is not when we bought it. We bought it back in the summer. The high was back in May of '07. We added significantly to its position in September and the stock has performed admirably. While it is down from its high, 58% versus 62% for its sector, since Lehman blew up, it is down 9% versus 27% for the sector. The J REIT sector. We think this is particularly interesting offering a 6% dividend yield and they only have 9% debt on their books. Beautiful opportunity to consolidate from companies like ProLogic and others which have been recently selling properties.

In fact a final note since many people are concerned about real estate company's access to cash. It is worth noting that ProLogic shares that we bought -- started buying at the end of the fiscal year in October but added significantly to in November, November 20 actually, that these shares have moved from a low then of \$2.30 to \$12.75 because they were able to sell assets and refinance to the tune of \$1,370,000,000. We think that the markets are not as shut as people are concerned.

Final comments if I may regarding this decline over all is that while it has been extreme and more so than I have seen in my 23 years in the business and as our most senior manager's 58 years in the business has overseen, this market is still -- conforms to the pattern of historical cycles. We are comforted that our traditional approach to buying value, seeking high-quality companies with solid long-term prospects as core holdings, and attempting then to position other parts of the portfolio to benefit when the economic rebound arrives, we are confident this will be productive. This is what worked in various times in the market place going back to 2003, 1993, 1986, 1982, 1975. And no doubt before. We think it will happen again. We think 2009 may well be that year albeit volatile, but we think it may be that year in which we can start to see some improvements.

Final comments regarding our dividends. The dividend policy that we have taken with the cuts, significant cut down to 3 cents per share per month was made based on our assessing different risk levels of how the portfolio might perform over the next year. As I mentioned earlier, we don't have a lot of visibility on the dividends. Because we don't have that visibility going into mid the year when again that capital pressure is on real estate may be high, we decided, let's take the most conservative approach, if our worst-case fears are materialized. That means rising unemployment into 2010 and difficult capital conditions through that period. We want to have a dividend level that we don't have to cut again. We basically positioned the portfolio at that level. That means, from our perspective, that if conditions are better then we are afraid in the worst-case scenario, we will be able to increase the dividends, if not this year, certainly next. That is our goal. We want to grow the dividend from these levels. We regret having been in a position by what has happened to the real estate markets with dividends being cut, with pressures on the market place that lead to considerable uncertainty to have to have done this, but we think this is the alternative and this will provide us the opportunity to invest in companies such as the five I just mentioned, which may have very, very strong growth prospects through consolidation, through their significant discounts to asset values as we move forward.

Let me at this stage turn it back to Marc who can take your questions. We look forward to that.

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Marc Rappaport, Senior Managing Director - Alpine Funds

Sam and everyone thank you so much. We are getting a lot of questions. Sam just to pick up on where you just left off, some of the questions are could you describe the key differences between AWP and the Dividend Fund in terms of why AWP had to cut and dividends did not -- dividend funds did not.

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

Sure. It is a good point. Basically AWP is limited to the real estate mandate. We have to be 80% in real estate stocks. We can only venture outside to the tune of 20%. So we are in a defined universe and it is a universe, which as I mentioned has been capital constrained more so than many others because of the high CapEx requirements of real estate. We think that we have clearly seen an impact on REITs in the last few months and other real estate companies and we believe that there is not enough clarity as to the dividend paying potential going forward. We felt we had no alternative, but to protect the fund at this stage and position it to take advantage of what we think will be a great total return opportunity over the next two years as we then approach a period when the economic performance will be improving which could lead to stronger rents, stronger growth opportunities for real estate, and hence rising cash flows and dividends for real estate companies in the later years. We felt the total return prospects are much greater with this focus now.

Marc Rappaport, Senior Managing Director - Alpine Funds

And truth be told the primary objective of AWP is capital appreciation where as the primary objective of the two dividend funds, AGD and AOD is high current income. With the secondary objective of capital appreciation.

Steve Lieber here is a question from an investor, Mr. Potay (ph). Do you believe increasing unemployment along with decreasing corporate earnings will have a further effect on stock price declines or do you think market sentiment is bottomed ahead of all that? And most if not all of that inevitability has already been priced in to today's market?

Steve Lieber, CIO - Alpine Funds

That is a very comprehensive and important question. The answer I think is it depends on what you assume today's market to be reflected. If we take the expectation that I earlier mentioned that we are going to have a massive legislative effort and administrative effort to sustain liquidity and if you will, reflate the economy, then employment can in fact be declining while the organization of the new effort is in place and the markets will reflect the better future. Markets are all expectations oriented. For the moment, expectations seem to be firming up as noted by Sam in his comment that the November 21 bottom has not been repeated. So we think that the current logic of business development is inventory reduction, apprehension about demand and therefore you are likely to see some continuing unemployment while at the same time the structure of the new program which President-Elect Obama describes as creating 3 million jobs will be implemented. I hope that answers your question sir.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you. Kevin and Jill, a question from Paul Benniger (ph) of Wachovia Securities. What is your opinion of the BDC (ph) space? ACAS (ph), Macquarie, BlackRock Kelso Capital are examples I have seen in the portfolio as of September 30th.

Kevin Shacknofsky, co-manager, Dynamic Fund Series - Alpine Funds

The BDC space was you could say in the eye of the hurricane. As you know, the financial crisis has really reduced liquidity and this has affected these companies dramatically as they operated at a high level of leverage. This has led them to cut their dividends, but in our view has not impaired mid asset value. Our view is that if it is a strong and sustained turnaround in the economy over the long term, these positions can perform along with the rest of the market.

Marc Rappaport, Senior Managing Director - Alpine Funds

Okay. This next question Jill comes from Joe Whithome (ph) at Janie Montgomery Scott. On AOD if you were paying out \$2.16 when the fund first came out, and you are still paying out \$2.16 (inaudible) is this pay out accomplished by more than doubling the risk?

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

No. I would say that we have not increase the risk in the portfolio. As mentioned actually, the shorter-term dividend cash flows strategy where we are generating a significant amount of our income actually was our best-performing strategy of the year. We really have come up with a methodology here that we perfected. We don't believe that has increased the risk. Honestly where again the riskiness and the negative performance has come from has been in that buy and hold strategy where we were just in stocks that got hit along with the rest of the market. I would not necessarily say that the dividend income-generating portion of the strategy has increased our risk at all.

Marc Rappaport, Senior Managing Director - Alpine Funds

Jill another question for you. This from Richard Rios (ph) of Morgan Stanley. What percentage of the monthly dividend for AOD are you currently earning from dividend income in the portfolio?

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

We have earned 100% of dividend from dividend income. That is a pretty simple question. We have earned every penny of every dividend that we have ever generated in all of our funds.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you. Sam, as president I think this question should be directed to you. It actually came from three different people. Do the funds have any investments with Mr. Madoff?

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

Fortunately not. We are investing in companies, publicly traded, listed companies. By and large not in funds, not in fund to funds. Hopefully that provides some comfort to investors.

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Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you, Sam. With AWP we have a question from Byron Ellingson (ph) with RBC Dain Rauscher. Are the primary holdings of AWP REITs?

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

Roughly not quite one-half of the portfolio, about 48% are in REITs. That is up a little bit from one year ago. But again not by dramatic amounts. We think that when the dust settles, we have a better perspective on REITs dividend paying capabilities, we will possibly have a higher proportion.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you. On a related question that is coming in for both teams rather. People want to know about what is the current domestic foreign blend for AWP. Sam, why don't you start?

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

On average last year we were 23.5% in US stocks. And right now we are running about 80% in foreign stocks. So 23.5% US stocks, 77% on average abroad. That will probably hold.

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

For the Dividend Funds we have actually taken the international piece down to about maybe 25% on average, maybe 30% in our funds. A couple of things we saw some of the actions in the US favored us bringing some of the assets back here and the opportunities we see on our stock by stock analysis. We saw better value and growth opportunities in some of the names in the US. Also it has been the dollar recent strengthening and then now subsequent weakening. The dollar had a huge run from July through October, 20%. That hurt our translations. We brought some assets back to the US. We try to be dynamic. Now with the dollar starting off again, that really helps our international translations and we could look for more opportunities there, particularly as Europe and the rest of the world slashes rates behind the US. So now the international area may be looking a bit more positive as we head into '09. But we try to be dynamic and look for the best opportunities for our investors. Those will continue to be changing as we see the opportunities out there.

Unidentified Member of Management

Marc if I can just interject. One other aspect that many investors are no doubt conscious of or at least cognizant of is the significant impact of some of the currencies over the past year. I must tell you that it has been interesting to see the dollar reestablish itself over the past couple of years, but over the past year or so. The question is what the long-term trend will be. As we see interest rates coming down abroad and if we start to see better growth opportunities in some of the foreign markets, we think there could be a shift in the dollar again. Just FYI, the 12 to 18 and in some cases up to 30% declines in foreign currencies relative to the dollar over the 12 months ended October 31 probably will not be repeated.

Marc Rappaport, Senior Managing Director - Alpine Funds

Sam, a question from Ams (ph) Investment. What happens if the real estate and REIT cycle is more similar to 1974 and 1975 rather than the early '90s? How much additional downside is there if it is even quantifiable? That is from Al.

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

Two comments. One I think it already has been. We have already been through our '74-'75. But more to the point, REITs back then in the '70s were mortgage REITs not equity REITs and they were sponsored by banks typically so they were involved making mortgages on real estate construction projects. They blew up very quickly. They were on the cusp of where there were problems. I think the situation now with equity REITs that have much more stable balance sheets typically 55% or less debt to capital positions a much better shape to withstand the pressures of this downturn. I would tell you that this is not at all comparable to that period albeit there clearly are major pressures on the real estate capital markets and in particular in the area of CMBS where we think it will be very difficult to work through some of the existing complexities of real estate debt refinancing there. That said, the real estate companies and REITs generally do not have as much direct exposure there and are in a better position.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you. Steve a question from Richard Dwyer at Morgan Stanley. At what percent does about fund buys shares in the open market? I guess what percent discount.

Steve Lieber, CIO - Alpine Funds

We can't really say there is a fixed percentage at which it is wise to buy. It depends on the overall environment for closed end funds, the trends, the trend of the individual stock, the trend of the market. It is a complex judgment. It is one we try to make ad hoc as we go along. When we think it is extreme, we will buy in the interest of the shareholders. I hope that responds.

Marc Rappaport, Senior Managing Director - Alpine Funds

Thanks. And Steve I could ask you and the dividend team this additional question from Mr. Dwyer. What specific steps will you be using to maintain the dividend in AOD? Will you be using leverage or covered call writing, for example?

Unidentified Member of Management

I can answer that. As I mentioned in my comments before, we are increasing the percentage of the portfolio that we are allocating to the dividend capture strategy. We are also increasing the velocity of dividend capture trading. These two efforts should help us generate additional dividend income. During the year we opportunistically use leverage to assist in our dividend capture efforts and I can say that going forward we will continue to use leverage opportunistically and tactically and we are -- we have the ability to go up to 33% leverage in AOD. In terms of covered calls, it is my understanding that covered call writing only generates long-term capital gain income and short-term capital gains income. As we mentioned previously, 100% of our dividend is earned dividend income and therefore those strategies in terms of generating dividend income are not appropriate for our funds.

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Marc Rappaport, Senior Managing Director - Alpine Funds

Thank you. Jill this question came from an individual investor. By the way as you are writing in your questions, it would be great to get your name and if you are associated with a firm that too because it just add something to the call of meaning.

Unidentified Member of Management

Kevin if you just comment just for clarification for the audience on the maximum percentage of leverage that you used last year.

Kevin Shacknofsky, co-manager, Dynamic Fund Series - Alpine Funds

I think last year at certain points up to 10%, around 10% of the fund was in leverage.

Unidentified Member of Management

So it has not been a major portion of our strategy, but as you suggest opportunistic.

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

And only for a short period of time it was there.

Marc Rappaport, Senior Managing Director - Alpine Funds

Jill so this question from an individual investor. Why is it that AGD often sells if not closer to a premium then AOD and how much approximately was a return of capital for AOD in 2008?

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

Interestingly we do notice the disparity of AGD and AOD. with the premiums. I guess we would comment that AGD is the smaller fund and we think we just have a more stable investment base. AGD had some nice appreciation after we launched the fund in July of '06. We believe the investors have taken more of a buy and hold strategy with AGD. Unfortunately AOD, we launched it in early '07 and the markets became pretty volatile shortly after our launch. It is a bigger offering. So we are suspecting that we have had more tax loss selling and more turn over in the fund then we have seen in AGD. As for capital -- return of capital, that will be determined after year-end by the accountants. Right now we are expecting minimal capital losses if any. I mean capital returns -- return of capital in the fund.

Unidentified Member of Management

Yeah, our internal calculations, you know, put close to 100% of the dividend is earned dividend income. You know, we do many trades and our accountants can always come back and say one was different to what our expectation was. So that's why I can't give any guarantee on that amount.

Unidentified Member of Management

You mean, for example, on tax adjustment (overlapping speakers) and things like that.

Unidentified Member of Management

And also companies can also give guidance post-dividend what the nature of the dividend was. (overlapping speakers).

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

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But our expectation is it will be as close to 100% as we can get it at this point.

Marc Rappaport, Senior Managing Director - Alpine Funds

Sam, this question from Hameed Naki (ph). What is the source of funds for the purchase of AWP shares when you make them?

Sam Lieber, President and Head of the Real Estate team - Alpine Funds

We are using the capital from our equity base just as we do for other shares. So it is no change if we are buying it for the fund. Obviously if management or other members of Alpine are buying it personally, we are using our own personal funding. But in the case of the fund acquiring shares, we are using our own base and going out there, cash in the portfolio and acquiring the portfolio for treasury.

Marc Rappaport, Senior Managing Director - Alpine Funds

(inaudible) Jill, an individual investor asks or wonders if you feel "the NAV (ph) will rebound commensurate with the overall market if the market were to rebound"?

Jill Evans, co-manager, Dynamic Fund Series - Alpine Funds

Again we can't predict future performance, but we are close to 100% invested. We are in equities that we would expect to perform at least in line with the market. Our expectation though is to dig out and find the companies that will perform above the market. So, you know, back to the question of our Madoff, we publish our holdings, we are very transparent. You will get a full list of our holdings any day so you can see exactly what we are invested in. We are invested in equities and if the markets rally, our expectation is that we will rally with it. Again our goal is to actually find the stocks that will rally in excess of the market.

Marc Rappaport, Senior Managing Director - Alpine Funds

All right. Here we are it's an hour into the call. Really we went through all of the popular questions that have been coming in. We host these calls every quarter. We are trying to continue to do that with the Web format I think we will be able to reference more information like we did today and hear back from you that this format works. We do have all of our information on the closed end funds including the phone number to call for additional questions and live dialogue with our desk at ALPS. That website is Alpine CEF.com. Our open-end website as well with some more information and background on the members that you have heard from here that is Kevin Shacknofsky, Jill K. Evans, Steve Lieber and Sam Lieber. That will be available at Alpinefunds.com.

Thank you very much for your interest in our strategies and your participation on the call. Joe, thank you very much for your help orchestrating this.

Operator

Thank you. Ladies and gentlemen this concludes the teleconference. You may disconnect your lines now. Thank you for your participation.

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