



Residential-Plus Growth Company Ltd

Investment Update – March 2009

General Comment

The residential market has broadly been static, and now declining since the 2003 boom. The tighter, and at times volatile, economic environment we find ourselves in today has caused further falls in building approvals and housing transactions generally.

The fall in building approvals in areas such as Sydney, will exacerbate the current dwelling shortage which has seen rental vacancy rates drop to historically low levels. With vacancy rates falling, pressure has been placed on rents, with average rents rising between 15-17% over the year to June 2008. High immigration levels will also continue to put pressure on the current dwelling stock.

However, and despite the Reserve Bank's cuts to interest rates and the Government's first home buyer incentives encouraging some additional market participation, we believe the market will remain subdued for some time to come.

Underlying Investments

The portfolio has investments in two metropolitan regions, Sydney and Perth. A brief update on these is provided below.

Sydney

The Sydney portfolio currently consists of 60 properties with a total market value of \$43.97 million, representing 11 separate consolidation sites. In order to concentrate resources and the investment's remaining funds on the more significant rezoning opportunities, some of the less compelling properties have been earmarked for disposal. The remaining funds will be allocated to operational, planning and rezoning expenses, with some funds used to secure additional property opportunities that adjoin the existing consolidation sites.

There have been 11 consolidation sites of various sizes assembled with the intention to rezone to allow for higher density residential development.

A unit holders meeting for the underlying fund is convened for 10 December 2008 to vote on a proposed termination date for the Sydney investment. Investors will be updated on the outcome of this meeting.



PERTH

Trust-level gearing is currently 52%. The debt facility with Westpac Banking Corporation expires in November 2010. Cash reserves and surplus capacity under the facility will be used to fund the rezoning phase and any acquisition opportunities consistent with the Trusts' existing consolidations.

Burswood Peninsula – The Manager purchased Lot 9 and Lot 9525 in June 2007 and concept designs were finalised in late 2008. The development application has been submitted to the WAPC for informal consideration. The Manager expects to formally lodge the development application with the Town of Victoria Park in the second quarter of 2009.

Toyota Fremantle – The City of Fremantle finalised the Fremantle East End Planning and Urban Design Study which recommended new planning controls for the precinct. The local planning scheme amendment to implement the recommendations of the study is likely to occur in late 2009. Development applications will be progressed once the scheme amendment is finalised.

Red Castle – A development application for residential usage on the site was submitted in December 2008. The concept plan consists of townhouses and medium rise apartments comprising 111 dwellings. A decision on the application is expected in April 2009. Other residential dwellings in the precinct may be sold back into the market as single dwellings.

Summers Street – The WA State Government announced the new Museum will be built in Northbridge. The East Perth Redevelopment Authority is now reviewing the development and disposal strategy of the East Perth Power Station site. The Manager is continuing discussions with local government to determine the best development outcome.

Goodwood Parade – This is an area that is earmarked for significant change with high-rise mixed use development mooted. The Manager intends to realise the benefits of the change through disposal of this asset in 2010/2011.

Burswood Road – New planning controls for the Burswood Road area through the Causeway Precinct Review have been implemented by the Town of Victoria Park. These amendments to the local town planning scheme have increased the development potential for the Burswood Road sites. Benefits are likely to be realised on disposal of the assets in 2010.

The 18 assets in the portfolio have a current value of \$44.4 million.

At the recent general meeting of unit holders, the disposal strategy tabled by the Manager was approved and the termination date for the investments amended to the 31st December 2012.

Calls on Units

Units in the Fund are paid up to 95.5 cents per unit, with another 4.5 cents per share remaining uncalled. We will advise you as soon as possible of any call, with at least 14 days notice.

Unit holder Information

Should you have any enquiries regarding your unit holding, you should contact Registries Ltd on 02 9290 9600. If you have any questions regarding your investment in the Residential-Plus Growth



Company Ltd, you should speak with your Financial Adviser in the first instance or contact us on 02 9250 6500.

Ian Hardy
Chief Investment Officer, Specialised Private Capital Ltd

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