



CENTRIC Capital

Residential-Plus Growth Company Ltd

Investment Update – December 2009

Fund Information

Fund Size	\$18.8M	Investment Horizon	Long term	Management Fee	0.6%
Strategy	Passive Residential Property	Domicile	Australia	Performance Fee	Nil
Unit Price	\$0.7129	Denomination	Australian dollar	Inception date	April 2002
		Distribution	Nil		

General Comment

The residential property market has performed strongly across Australia in the last quarter, and this strength is reflecting the much better economic conditions than were previously anticipated.

The economic strength has seen the Reserve Bank of Australia (RBA) increase interest rates, with the cash rate now at 4.25%. The commercial banks have increased mortgage rates by more than the RBA increases and we expect this tightening cycle to dampen the property market in the near term. However, the prospect of Australia's population passing 35 million by 2056 should continue to underpin the market in the long term.

Underlying Investments

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

Sydney – Epping Rail Link (ERL) Residential Property Trust

This Trust's portfolio of 52 property titles was valued in August 2009, for mortgage purposes, at \$38.5m.

The ERL Residential Property Trust held its AGM on 30 March 2010, where the management presented an update on the current state of affairs of the trust and tabled the approval of the audited financial for 30 June 2009.

In Summary:

- The Chatswood to Epping Rail Link opened in February 2009
- Efforts to rezone in Parramatta and Hornsby have been unsuccessful but the manager is optimistic about the rezoning potential of properties in Ryde
- Sydney residential property market has recovered and is now above the November 2003 peak
- The debt facility including capitalised interest is \$17.2m. The manager has negotiated the rollover of the facility until October 2011 with a margin increase from 150bps to 220bps
- Gearing is 45% (based on August 2009 valuations) and is expected to be down to 36% by the end of May 2010
- Two of the assets in North Ryde have potential to be rezoned and are being pursued
- The manager is gradually selling on a single house basis all properties without rezoning potential. If the entire portfolio was sold on this basis, the manager estimates the likely capital distribution to investors would be approximately 82 cents per unit
- If the properties with rezoning potential are rezoned the manager estimates the value per unit at \$1.36, subject to the housing market remaining stable for the remainder of the trust's life

Perth – Perth Rail Link (PRL)

This Trust's portfolio of 14 property titles has a current value of \$36 million.

As voted for upon by unit holders in August 2008, the Manager put in place strategies for the gradual disposal of assets in the Trust prior to the December 2012, the termination date of the Trust.

Level 2, 7 Macquarie Place, Loftus Street, Sydney NSW 2000
PO Box R1851 Royal Exchange NSW 1225 Tel 02 9250 6500 Fax 02 9252 2702

Specialised Private Capital Ltd ABN 87 095 773 390 AFSL 246744
www.centricwealth.com.au



Knight Frank and Colliers International were appointed to negotiate the sale process of three properties. In December 2009, the Manager settled on the sale of 157 Burswood Road for \$1.5m and contracts were exchanged for the sale of 127-129 Burswood Road for \$2.5m. These properties were bought in December 2005 for \$660,000 and \$1.35m respectively. Settlement occurred in March 2010.

The Trust's current gearing level is approximately 50%.

Burswood Peninsula – The proposed development for these sites includes a high-rise residential development and a high-rise serviced apartments-residential-commercial development. Application was made by the Manager to the Town of Victoria Park in July 2009 to amend the Burswood Lakes Structure Plan. During the process, the application was referred to the Western Australian Planning Commission (WAPC). The WAPC supported the proposal; however, the Town of Victoria Park refused the application in November 2009. This decision was appealed by the Manager to the State Administrative Tribunal and requested the Minister for Planning intervene. This has occurred and a final decision was expected February-March 2010.

Red Castle – A medium-high density residential development was proposed for the site prior to 2011. The Manager lodged a development application, however this was rejected by the Town of Victoria Park; and an appeal was submitted to the State Administrative Tribunal. This appeal was rejected in November 2009 based on preliminary legal issues. The Manager has commenced work on new development plans for this site and discussions are likely to commence with the council in due course.

Toyota Fremantle – The Manager expects to secure development approval for the site. The site is earmarked for mixed retail-commercial-residential development. A development application is required, however the application itself is dependent on council amending current planning controls for the Fremantle East End precinct.

The Fremantle East End Planning and Urban Design Study was finalised by council. The Manager has made several submissions to council to influence the proposed outcomes of the process. The proposed development controls are largely favourable and subsequently, increase the development opportunities for the site.

Council is continuing implementing the Fremantle East End Planning and Urban Design Study. New planning controls are anticipated to be built into the town planning scheme in late 2010. This process is being closely monitored by the Manager.

Calls on Units

Units in the Fund are paid up to 95.50 cents per unit, with another 4.50 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 MainstreamBPO Pty Ltd on 02 9247 3326. 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.

Disclosure

Specialised Private Capital Ltd (SPC) utilises the advice authorisation under the current AFSL 243253 of Centric Wealth Advisers Ltd to generate and provide this report and SPC is the Responsible Entity of the Distressed Asset Fund. Refer to the Product Disclosure statement for further information. This document has been issued on the basis that it is only for the information and exclusive use of the particular person to whom it is provided. Any forecasts included are reasonably believed to be reliable based on current information but due to our inability to predict future events they cannot be guaranteed. This document is of a general nature only.