

Residential-Plus Growth Company Ltd

Investment Update- June/September 2011

Fund Information

Fund Size	\$11.1M	Investment Horizon	Long term	Management Fee	0.6%
Strategy	Passive Residential Property	Domicile	Australia	Performance Fee	20% of IRR in excess of Performance Benchmark
Share Price	\$0.6479	Denomination	Australian dollar	Inception date	April 2002
		Distribution	\$0.0668 (Sep 11)		

General Comment

Home owners in Australia saw a very small positive total return in the month of August 2011 due to an increase in rental returns, even though the capital value of houses across Australia fell by 0.4% (seasonally adjusted). House prices in Sydney did not see any movement and the house prices in Perth fell by 2% on seasonally adjusted terms during August 2011. (Source: RP Data-Rismark August Hedonic Index results)

Underlying Investments

The portfolio has investments in two trusts in metropolitan Sydney (Epping Rail Link (ERL) Residential Property Trust) and Perth (Perth Rail Link (PRL)). Both of these trusts are managed by EG Funds Management Limited (the underlying fund manager).

The objective of these funds was to target rezoning opportunities that arise from major urban development projects around the Epping Rail Link and the Perth Rail Link. These funds have a sunset clause of December 2012. The underlying fund manager has identified properties for which they will be unable to get rezoning approval by December 2012 and initiated the sale process of these properties.

Residential-Plus Growth Company Ltd (RPGCL) recently received a distribution from ERL due to the sale of these properties, which was passed on as a distribution to shareholders of RPGCL in October 2011 net of fees and expense.

A brief update on the two funds is provided below.

Sydney – Epping Rail Link (ERL) Residential Property Trust

ERL has sold 18 properties during the year ended 30 June 2011. The properties have been sold at approximately 12% above their historic acquisition prices.

As has been advised previously ERL has two assets, both in North Ryde, that have the potential to be rezoned.

In the case of the **Whiteside Street Consolidation**, a request was made to the Department of Planning (DOP) for declaration of the Site as a major project under part 3A of the NSW planning legislation, based on a proposed residential development concept for 263 apartments.

In light of consultation outcomes, a redesign was undertaken prior to submission of Concept Plan for formal public exhibition. The amended concept plan is for 2 – 8 storey blocks with 213 dwellings. A decision on this request is expected in late 2011.



For the **Allengrove consolidation**, the project was granted major project status on 21 April 2010. On 11 June 2010, the DOP issued its requirements for environmental government assessment of the project. A detailed concept plan and environmental assessment has been prepared and will be lodged with the DOP in late September for public exhibition and assessment. The concept is for 256 apartments.

DOP's preliminary assessment advice was received on 25 Feb 2011. The DOP had concerns with the density and height raised that necessitated amendments to Concept Plan. An amended Concept Plan for 4-8 storey blocks with 196 apartments was submitted. A decision on this request is expected in the fourth quarter of 2011.

Perth – Perth Rail Link (PRL)

Burswood Peninsula – The planning process for this site was referred to the Western Australian Minister for Planning. The Minister of Planning has decided not to intervene in the proposed amendment to the Burswood Lakes Structure Plan, and thus the proposed development plans will now be considered under the structure planning process for the broader Burswood Station West precinct.

Red Castle – The town of Victoria Park approved the Development Application in December 2010 allowing for the construction of 65 dwellings. Following unsuccessful attempts to dispose the site earlier this year, the underlying fund manager has recommenced the marketing of the property through Knight Frank, who will have a specific focus on international purchasers.

Toyota Fremantle – Following gazettal of the Fremantle East End scheme amendment in July 2011 by state government, the underlying fund manager commissioned architects HBO + EMTB to prepare concept plans for the development of the property. The plans achieve an overall Floor Space Ratio (FSR) of 3.2:1 in accordance with the approved scheme amendment. The underlying fund manager has been in discussions with a local Fremantle purchaser for the smaller site on the western side of Queen Victoria Street.

Goodwood Parade – The underlying fund manager has disposed 98–102 Goodwood Parade, Burswood for \$2.2 million in October 2011. The property was acquired in December 2005 for \$1.65 million. Proceeds from the sale will be used to reduce debt. The sale represents a 33% premium to the acquisition price.

Calls on Shares

Shares in the Company are paid up to 95.5 cents per share, 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.

Share holder Information

Should you have any enquiries regarding your share 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.

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