

# Residential-Plus Growth Company Ltd.

## Quarterly Investment Update - March to June 2006

### General Comment

There are many factors that drive property prices, but the root behind them all is economic growth, both domestically and globally. For residential property in particular, economic growth leads to strong employment figures, which leads to consumer confidence and ultimately leads to strong property prices. It is only in a situation where the ultimate property owner feels comfortable with the economy, and therefore the prospects of remaining fully employed, that they will look at acquiring their first or subsequent home. We believe that the "soft landing" of the metropolitan property markets we've witnessed (with the exception of Perth, which hasn't yet come in to land) is largely attributable to the favourable employment conditions in Australia.

With this in mind, the Funds continue their efforts to acquire and consolidate properties that are deemed to be in areas with strong rezoning potential. See below for further details.

### Underlying Investments

The portfolio has investments in two metropolitan regions, Sydney and Perth. We are approximately one third of the way through the life of the investment, with the majority of the individual investments having already been made.

### Sydney

There are sixty properties in this portion of the portfolio, with forty-nine properties situated in twelve consolidation areas. The largest consolidation area is approximately twelve thousand square meters, where thirteen separate properties are situated. We are pleased with this portion of the overall portfolio. As we expand current consolidation areas, neighbouring property owners are being approached directly and there are few, if any, open market acquisitions. Even though we are still several years away from starting the rezoning application process, any properties situated at that time in an unconsolidated area would be sold back into the general property market, returning approximate local property market returns. Future acquisitions in Sydney are being made using our debt facility.

### Perth

The Perth property market continues to grow at the quickest pace in Australia. This all comes on the back of the current upside expansion of the commodity cycle that has buoyed the Western Australian economy. We believe that as mining companies continue to open and expand resource projects in Western Australia, the direct and indirect economic and employment consequences to the Perth economy will continue to support and push upward the local property market.

Commercial property continues to be the focus of the acquisitions in this portion of the portfolio; this is due to the fact that most of the locations identified as benefiting the most from our strategy are this type of property.



## **Calls on Units**

Units in the Fund are paid up to 92 cents per unit, with another 8 cents per unit 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 consultant in the first instance or contact us on 02 9250 6500.

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