



# Residential-Plus Growth Company Ltd.

## Quarterly Investment Update – June to September 2006

### General Comment

The potential for further increases in interest rates has focused much attention on the impact of this on housing prices. While it is difficult to generalise when it comes to property, given the various characteristics and dynamics of various markets, we believe there are various factors to consider.

In areas where there is a constraint on supply of land, for example in proximity to the coast and high quality amenities, such as schools, shops and a well developed transportation infrastructure, homeowners may find their property value being supported by the supply/demand balance, while in other areas that don't have those same characteristics, for example the continuously expanding outer edges of metropolitan and suburbia areas, homeowners may find the value of their homes fall in response to a weaker economy.

With this in mind, the funds continue their efforts to acquire and consolidate properties 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 properties having already been acquired.

#### Sydney

The Sydney residential market continues to be in the doldrums, with stagnant prices in many areas over the past three to four years. This has allowed the portfolio to be fully invested as property investment prices did not have to be 'chased' in the acquisition phase. Valuations of the properties at this time do not reflect any rezoning or consolidation potential, and also have full acquisition and management costs allocated to them. The rezoning process has also commenced, although it will take some time before this results in sales.

#### Perth

The investment team in Perth continues to actively identify appropriate properties for consideration and due diligence in its target acquisition areas. These target areas are generally where there is an established town centre, with significant new or proposed rail infrastructure. This portion of the portfolio is mostly invested in commercial properties, with a small exposure to residential, retail and light industrial sites. A recent disposal of a residential site was made because numerous attempts to consolidate neighbouring residences were unsuccessful. The home, having been purchased two years ago for \$415,000, was sold for \$715,000 for a 72% profit and the proceeds used to pay down debt.



## **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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