



# Residential-Plus Growth Company Ltd

## Investment Update – March 2007

### General Comment

We believe that fundamentally the main driver behind residential property prices is employment levels and consumers' outlook on future employment prospects. Over the past year to April 2007, the official Australia Bureau of Statistics' unemployment rate has fallen from 5.0% to 4.5%, which is a historically significant figure as it is effectively full employment. We don't attempt to guess what the future has in store for the Australian economy and employment rates, but we believe that a long term investment in residential properties with a strategy such as the Company's is fundamentally sound, especially within the context of a well diversified investment portfolio.

With this in mind, the managers continue their efforts to acquire and consolidate properties in areas with strong re-zoning potential.

### Underlying Investments

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

### Sydney

Sydney has experienced an overall fall in residential property valuations starting in 2000 with the market seeming to have reached a bottom in the past year. Residential rental vacancy rates are at all time lows, a fact that is being reflected in higher rental costs across the city. We don't know if Sydney property is going to increase in value any time soon, but the strategy behind the investments is not dependant on increased individual property prices. The properties owned in Sydney are currently being independently re-valued and this will be reflected in Residential-Plus Growth Company's share price at the end of June.

### Perth

All property sectors in Perth, including residential, continue to experience strong year over year growth. The resources-led local economy continues to exhibit strong fundamentals as global demand remains strong. Currently, exit opportunities are being explored for the few properties where the possibility for full consolidation is slim. Commercial property and vacant land make up the bulk of this investment and an independent revaluation of assets will be undertaken as of 30 June 2007. We expect an increase in the value of this portion of the investment.



## **Calls on Units**

Units in the Fund are paid up to 93 cents per unit, with another 7 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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