

24 October 2014

Dear Investor

## **Residential Property Fund**

We are writing to inform you that following the Meeting of Unitholders of the Fund that was held on 3 October 2014 that Vasco Investment Managers Limited has been appointed as responsible entity of the Fund.

The notice of meeting provided background details on Vasco and its executives for your information.

The Vasco team has significant funds management experience and particularly in the management of real estate funds.

Further details on Vasco are available on our website at [www.vascofm.com](http://www.vascofm.com)

### **Vision for the Fund**

The Fund currently has total assets of \$2.9m and owns residential properties in Perth, Brisbane, Darwin and Kallangur in Queensland.

Our intention will be to begin marketing the Fund more extensively to prospective investors in order to grow the Fund to over \$20m in the next few years.

Our investment focus will be on the larger more liquid real estate markets of Melbourne, Sydney and Brisbane however we will be opportunistic in the timing of our entry into these markets.

Current market returns on residential real estate across the major cities are contained in the following table:

## Index Results as at September 30, 2014

Region	Change in dwelling values (%)			Total gross returns (%)	Median dwelling price (\$)
	Month	Qtr	YOY		
SYDNEY	0.8	4.1	14.3	18.9	655,000
MELBOURNE	-0.8	3.7	8.1	11.9	535,000
BRISBANE	0.7	0.6	6.4	11.5	440,000
ADELAIDE	0.9	3.1	5.8	10.4	390,000
PERTH	-0.4	-0.6	3.2	7.7	515,000
HOBART	-0.3	-1.0	4.6	10.2	300,000
DARWIN	-1.0	1.4	7.1	13.7	545,000
CANBERRA	-0.5	1.4	1.7	6.2	500,000
COMBINED CAPITALS	0.1	2.9	9.3	13.7	530,000
REST OF STATE*	0	-0.6	3.3		345,000

\*Rest of state change in values are for houses only to end of August

Source: RPData

With the Fund increasing in size the current expenses of the Fund will be able to be spread over a larger base and with the addition of rental growth on the properties owned by the Fund should see the Fund commence to pay distributions to investors.

Currently the Fund has a number of fixed costs such as compliance costs, auditors fees etc that need to be paid that inhibit the ability of the Fund to pay a distribution.

We envisage that distributions will be paid within two years.

### Contact Details

All correspondence in relation to the Fund should be forwarded as follows:

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Residential Property Fund

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Over the next month we will create a dedicated section on our website at [www.vascofm.com](http://www.vascofm.com) where you will find details on the fund such as the annual accounts, details on the properties, investment performance and unit prices as well as certain policies and disclosures.

We look forward to being of service to you.

Yours sincerely

Craig Dunstan  
Managing Director