Listed Property – Quarterly Report

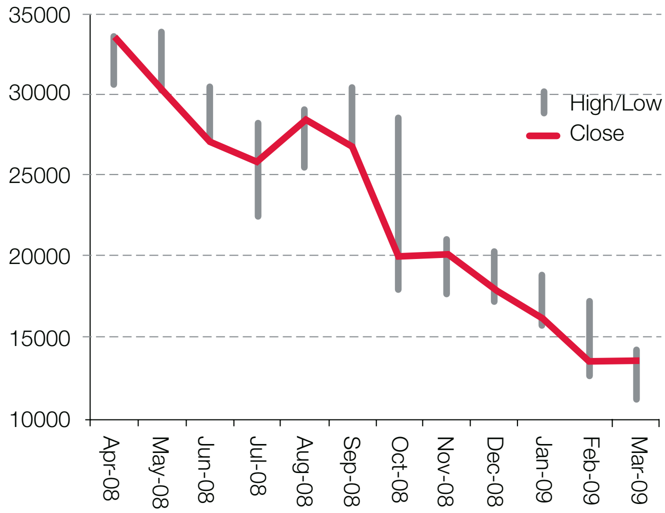
JANUARY – MARCH 2009

Just like shares, Listed Property can give you more "bang for your buck" than, say, fixed interest or cash. And, like shares, they can rise and fall a lot in price over the short term. But we're not talking about residential property here. We're talking about investing in listed property securities that invested in properties such as offices, hotels and shopping centres. These securities are usually more liquid (ie easier to cash in) than residential property, as they're listed on the sharemarket.

Quarter 1 review.

Listed Property fell 24.4% in the March quarter, significantly underperforming the broader Australian equity market for the period. The ongoing negative sentiment towards the property sector was again dominant during the majority of the quarter before investors moved aggressively at the end of quarter back into stocks offering potentially much higher returns, albeit at higher risk. This was on the back of the significant stimulus package announced in the US designed to return the credit markets back to some form of normality.

S&P/ASX 200 Property Trust Accumulation Index



Outlook

With property fundamentals continuing to deteriorate, we remain cautious as to the sustainability of any rally especially given anecdotal evidence suggesting further pressure on property occupancy levels and rentals. Given these headwinds, coupled with the ongoing difficulties in obtaining debt finance for property companies and lack of physical transactions, we continue to remain cautious until there is more clarity on asset values and recovery in debt markets.