

Hi Q's Income Return

	Hi Q Fund Return	Hi Q's Income Benchmark	S&P/ASX 300 Property Accum Yield
30-Sep-07	10.63%	10.0%	5.9%
31-Dec-07	10.63%	10.0%	6.1%
31-Mar-08	11.10%	10.0%	7.5%

Hi Q's Absolute Outperformance over its Income Benchmark 1.1%

Hi Q's Net Asset Value (NAV)

31-May-07	\$0.9500	30-Nov-07	\$0.8661
30-Jun-07	\$0.9243	31-Dec-07	\$0.8022
31-Jul-07	\$0.8798	31-Jan-08	\$0.6597
31-Aug-07	\$0.9126	29-Feb-08	\$0.6091
30-Sep-07	\$0.9257	31-Mar-08	\$0.5766
31-Oct-07	\$0.9098		

Cash Distribution

Annual Forecast	10.63 cpu
March Distribution (1 Jan to 31 Mar)	2.6575 cpu

Fund Overview

- Hi Q continues to deliver a strong income distribution to its investors. Distributions paid to date equates to an annualised yield of 10.63% with the underlying yield of the Fund is higher at 11.1%.
- Hi Q is an income rich structured property securities fund, with an objective to deliver an income yield of 3% above the cash rate. Since inception, Hi Q has achieved over and above this objective by 1.1% in absolute terms and on a relative basis it outperformed its benchmark by 11%.
- With the unit value of the Fund linked to the ASX300 Property Index, Hi Q's unit value has seen a decline in line with the index. Since the Fund's inception, the ASX300 Property Index has fallen 29.6%.
- Negative sentiment has caused an indiscriminate selling across the LPT sector, with many of the traditional LPTs sold down heavily. Currently, broker return forecasts for the market are quite dispersed with one forecasting a 12-month total return of 30%. Our outlook is for a moderate recovery in the LPT market, in particular traditional LPTs that have been oversold during this period.

ASX300 Property Accumulation Index



Funds Under Management

Hi Q	\$20,146,115	100.0%
LPT Index	\$0	0.0%
LPT Active	\$4,519,598	22.3%
Unlisted Property	\$5,963,458	29.6%
Financial Structures	\$4,663,059	23.1%
Cash	\$5,000,000	24.8%

Fund Debt

Amount	\$859,528
LVR	4.3%

Top 5 LPT Positions (% of Hi Q portfolio)

ING Real Estate Community Living Group	2.0%
Multiplex Acumen Property Fund	1.7%
Australian Education Trust	1.6%
GPT Group	1.4%
MacarthurCook Property Securities Fund	1.3%

Unlisted Property Trusts (% of Hi Q portfolio)

Orchard Essential Healthcare	7.8%
Tankstream Property Investments Fund	9.7%
REED Property Trust	12.1%

- We are currently in the process of reviewing the Fund's investment allocations for FY09. We will be looking to: (a) reduce our investment allocation to the unlisted property trust sector given that the decline in LPT valuations has yet to transpire to the unlisted trusts; (b) increase our allocation to the Active LPT portfolio such that the Fund can capture the recovery in valuations of traditional LPTs; (c) increase our allocation to financial structures as this provides the Fund with an enhanced yield and downside protection.
- Our FY09 distribution forecast is to maintain at least 10.63 cpu. Overall, the Fund's new investment allocation will continue to deliver a premium income yield to unitholders with the anticipated recovery of the LPT market to be reflected in the unit value of the Fund.
- Hi Q's March distribution of 2.675cpu was paid on Monday 7th April.
- All investors are asked to contact us on 1800 648 328, at any time with queries regarding our strategies and market conditions.

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Contact Real Estate Capital Partners 1800 648 328 or visit www.recap.com.au