



Quantum Property Syndicate No. 12
ARSN: 111-225-060

Quantum Property Trust No. 12
ARSN: 111-225-015



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Quantum Group's mission is to acquire high quality, value for money commercial, retail and development property that meet our investors appetite for risk and returns and to professionally manage and add value to the existing property portfolio through a high level of service to our investors and tenants.

1. HIGHLIGHTS

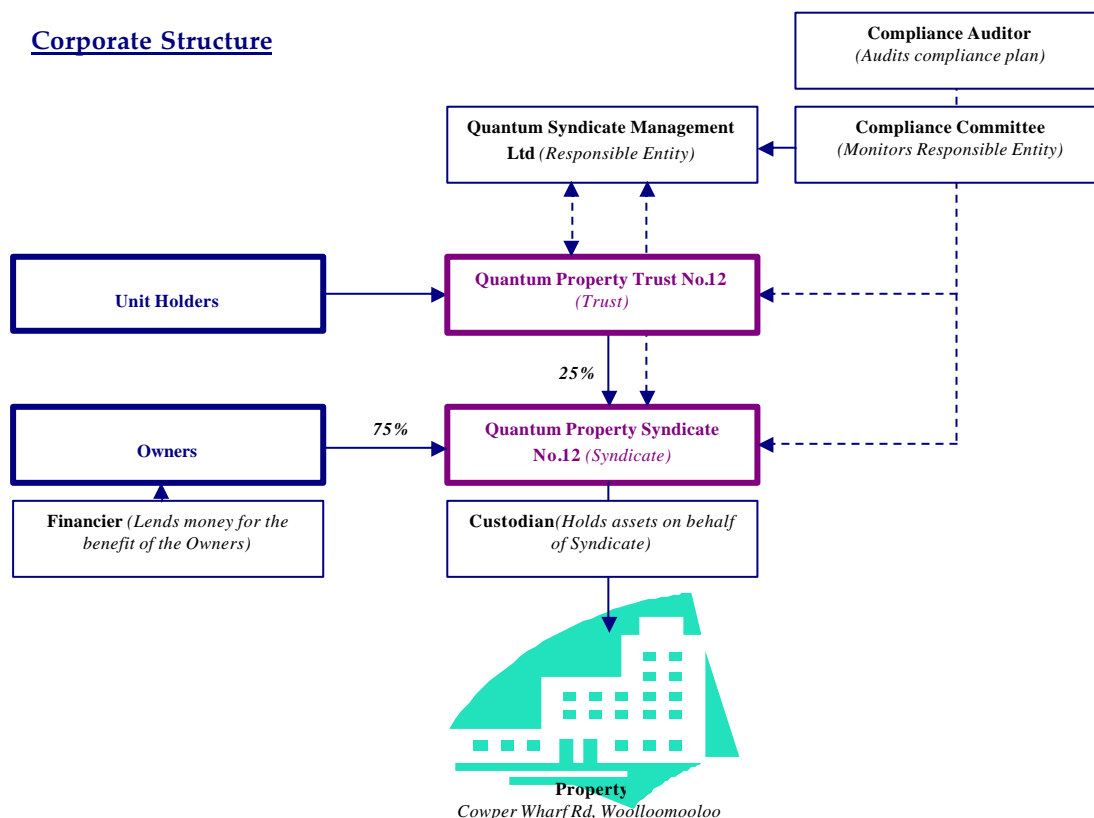
2005 FINANCIAL YEAR

- Property valued at \$24.80 million, 13% above the purchase price in December 2004
- Net profit of the Syndicate outperformed the PDS forecasts by 9% for the period ending 30 June 2005, after eliminating amortisation expenses in the period ending 30 June 2005
- Net property income of the Syndicate outperformed the PDS forecasts by 4% for the period ending 30 June 2005
- Syndicate net asset backing per interest of \$1.05
- Net profit of the Trust outperformed the PDS forecasts by 8% for the period ending 30 June 2005
- Earnings per unit for the Trust of 14.44 cents per unit
- Total cash distributions to unit holders of the Trust of 4.00 cents per unit
- Trust net asset backing per unit of \$1.05

2006 FINANCIAL YEAR SO FAR....

- Forecast cash distribution to unit holders of the Trust of 8.00 cents per unit
- Market rent reviews conducted adding to the current base rent and reducing the risk associated with the turnover rent component.

Corporate Structure



2. RESPONSIBLE ENTITY'S REPORT

The Directors of Quantum Syndicate Management Ltd, the Responsible Entity of Quantum Property Syndicate No.12 ("the Syndicate") and Quantum Property Trust No.12 ("the Trust") are pleased to present their analysis and review of the Syndicate and Trust for the year ended 30 June 2005.

ACHIEVEMENTS

The past year has proved to be very successful with the following significant achievements:

- Property value 13% higher than purchase price;
- 9% increase in Syndicate net profit;
- 8% increase in Trust net profit; and
- Achieved and exceeded financial forecasts.

The 2006 financial year is already shaping as another good year, with the following achievements announced prior to the release of this report:

- Forecast cash distribution for the Trust of 8 cents per unit; and
- Market rent reviews conducted, increasing base rents.

FINANCIAL PERFORMANCE

We are pleased to report that the Syndicate has outperformed the financial forecasts by over 8.9% for the year as set out in the offer document dated 19 October 2004.

	FY05 Actual	FY05 PDS Forecasts
Lease Income	1,181,548	1,062,213
Other Income	15,189	10,603
Syndicate Income	1,196,737	1,072,816
Less Property Outgoings	(225,513)	(142,377)
Less Other Expenses *	(97,734)	(128,355)
Net Income	873,490	802,084

** adding back one off amortisation expense of \$394,422*

These results provided the Trust unit holders with an increase of 0.6% on their yield on taxable distributions, whilst the Syndicate Owners distributions achieved their forecasts.

	FY05 Actual	FY05 PDS Forecasts
Owners Loss	(83,819)	(84,514)
Unit Holders Distributions		
-Taxable Distribution	9,177	8,302
-Cash Distribution	5,960	12,597

The Trust has forecast cash distributions of 8 cents per unit for the FY06, which when combined with the past years 4 cents per unit provides a yield on cash distributions of 12% for the 18 month period. This result achieves the forecasts for this period.

The reasons for the difference between the forecast cash distribution and the actual cash distribution for the past year relate to timing differences on the payments due to the timing of rental income collection. The actual cash paid over the period December 2004 to June 2006 will be inline with the forecast of a 12% yield.

AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The Syndicate and Trust will determine and prepare the 2006 financial year results in accordance with AIFRS. Whilst at this stage it is not expected that this will impact the returns to investors, it will alter the way that the financial statements are prepared and presented. The major changes and their impacts have been determined to be:

- *The classification of investor's equity as debt.* Issued equity will now be classed as a liability and distributions as a borrowing cost. This will affect the value of the net assets and net profit;
- *Straight lining of lease income.* The income from leases will be reported on a straight line basis and is not increased each year in accordance with the rent reviews. This sees the rent in the initial years of the lease being higher than the actual rent collected and vice versa in the latter years.
- *Fair value increments and decrements are recognised in the profit and loss account.* Any changes in the value of the property will be recorded as income or an expense and will be reflected in the net profit each year.

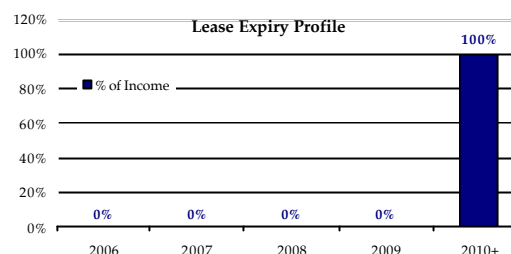
Whilst these changes will alter the way the financial performance and position of the Syndicate and Trust is prepared and presented they will not affect the net return to investors.

PROPERTY

The Syndicate owns 100% of lots 5, 6, 7 & 8 of the property located at 6F Cowper Wharf Road, Woolloomooloo. The property is located within a retail, commercial, residential and hotel waterfront development.

Net Lettable Area	1,858 sqm
Tenants	Multi-tenanted
Occupancy	100%
Lease Terms	Variable with 4 tenants
Acquisition Price	\$22.00 million
Valuation	\$24.80 million

The focus of the Responsible Entity has been on adding value to the property, this approach has seen us working with the tenants to ensure that the area remains a prime retail location and preserves the level of turnover that is generated by these restaurants.



The expiry profile remains unchanged, and we are currently discussing with the tenants the potential for lease renewals ahead of their expiries, to preserve the cash flow.

CORPORATE

The corporate structure of the Syndicate and Trust is depicted in the diagram on page 3.

The board of Directors of the Responsible Entity changed during the year, with the chairman Geoffrey Hodgkinson resigning after his initial two year term. We thank him for his efforts over the past two years, and wish him all the best in the future.

Peter Gribble has assumed the role of the executive chairman which complements his role as chief executive officer, and provides the company with stability and clear direction to pursue the objectives of the Syndicate and Trust.

We are also pleased to announce that Joanna Fisher joined the board of directors as a non-executive director in September 2005. Joanna has extensive financial sector experience, in wholesale banking, investment management and capital markets across a wide range of products and countries. Working for companies such as Commonwealth Bank, BT Funds Management, Midland Montagu she brings a wealth of knowledge to strengthen and assist the board in the future.

THE STOCK EXCHANGE OF NEWCASTLE (NSX)

The Units of the Trust were officially listed on the NSX in March 2005. The listing of the Trust provided the unit holders with additional liquidity for their investment. As at the date of this report there have been no trades on the NSX, therefore the quoted unit price remains at \$1.00 per unit, being the issue price of the units. This price whilst the current quoted price on the NSX does not accurately reflect the price of the units given the net asset backing of the Trust was \$1.05 as at 30 June 2005.

Whilst the NSX provides an active secondary market for investors to buy and sell units in the Trust, the Directors recommend that investor refer to the

announcements area for any further information that may assist in determining the value of their units.

2006 OUTLOOK

We have been extremely pleased with the results for the past year, and are looking forward to ensuring that the 2006 results build on these foundations set in place.

The focus of the Syndicate for the 2006 year will be to continue to focus on tenant retention and minimising costs whilst continuing to pursue marketing opportunities for the property to ensure it remains as a prime location for Sydney diners.

3. INVESTOR RELATIONS

ANNUAL GENERAL MEETING (AGM)

The AGM for both the Quantum Property Syndicate No.12 and the Quantum Property Trust No.12 is to be held at 4:30pm on Friday 28 October 2005. The AGM will be held at the Universities and Schools Club, located at 60 Phillip Street, Sydney, where light refreshments will be provided.

All investors should have received an invitation to the AGM, including information regarding any resolutions to be voted upon at the meeting. If you are unable to attend the AGM, a proxy appointment and direction to vote form can be completed and lodged with Quantum prior to the meeting.

DISTRIBUTION POLICY

The Syndicate distributes any surplus funds on an annual basis for the years ending 30 June. Funds distributed to Syndicate Owners are used to fund annual interest prepayments and any guarantee fee to the Trust.

The Trust pays distributions on a quarterly basis, for the periods ending 30 September, 31 December, 31 March and 30 June, where possible the Trust will make the payment within 30 days from the end of the quarter. The Trust sets its forecast distributions each year and publishes this information in the June quarterly report.

INVESTOR REPORTING

The Syndicate and Trust prepare a quarterly report for the periods ending 30 September, 31 December, 31 March and 30 June, where possible the Trust will distribute these reports within 30 days from the end of the quarter. All quarterly reports are distributed to investors via email, please ensure that you provide Quantum with your current email address to ensure timely and correct delivery of these reports.

Annual tax statements for the Syndicate and Trust summarising the taxation consequences of any distributions for the year, are distributed annually within 90 days from the end of the June quarter. If you have not received your tax statement

within this time, please contact Quantum's office to arrange for a replacement copy to be sent to you. Please note we do not provide taxation advice and recommend you consult your Accountant or Financial Adviser about personal tax matters.

This annual report, including the annual financial report for the Syndicate and Trust is distributed to all investors via both email and a printed copy is mailed to all investors. This annual report will also be made available on the Quantum website (www.quantumgroup.com.au) under the syndicate section and is accessed via your investor password.

4. FINANCIAL REPORT

The financial report of the Syndicate and the Trust are included in this report in that order and are independently numbered as outlined below:

Quantum Property Syndicate No.12 Financial Report for the period ended 30 June 2005

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Quantum Property Trust No.12 Financial Report for the period ended 30 June 2005

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QUANTUM PROPERTY SYNDICATE NO. 12

ARSN: 111 225 060

financial report

FOR THE PERIOD ENDED 30 JUNE 2005

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Responsible Entity

Quantum Syndicate Management Ltd

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AFSL: 237301

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SYDNEY NSW 2000

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SYDNEY NSW 2001

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Facsimile: (02) 9262 2071

Internet: www.quantumgroup.com.au

Custodian

Australian Executor Trustees Ltd

ABN: 84 007 869 794

Level 9

80 Alfred Street

MILSONS POINT NSW 2061

Auditor

Pascoe Whittle

Level 8

191 Clarence Street

SYDNEY NSW 2000

DIRECTORS REPORT

The Directors of Quantum Syndicate Management Ltd, the Responsible Entity of Quantum Property Syndicate No.12 ("the Scheme") submit the report of the Scheme for the year ended 30 June 2005

DIRECTORS

The names of the Directors of Quantum Syndicate Management Ltd in office during the financial year and until the date of this report are:

Geoffrey Hodgkinson

Resigned 16 March 2005

Peter Gribble

Jonathan Martin

James Maitland

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Scheme during the year was to invest funds in accordance with the provisions of the Scheme Constitution. The Scheme invests in direct property, money market securities and fixed interest securities in accordance with the provisions of the constitution. There have been no significant changes in the nature of those activities during the year.

SCHEME INFORMATION

Quantum Property Syndicate No.12 is an Australian registered Managed Investment Scheme. Quantum Syndicate Management Ltd, the Responsible Entity of the Scheme, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at level 9, 49-51 York Street, Sydney, NSW, 2000.

At balance date, the Scheme had no employees.

OPERATING RESULTS

The net operating income is presented in the Statement of Financial Performance. The net profit attributable to the Members of the Scheme for the period ending 30 June 2005 amounted to a profit of \$479,068.

DIRECTORS REPORT

REVIEW OF OPERATIONS

The Scheme owns 100% of the property located at 6F Cowper Wharf Road, Woolloomooloo. List of major tenants and lease expiry profile;

<i>Tenants</i>	<i>Area</i>	<i>% of NLA</i>	<i>Lease expiry</i>
Wool Bay Pty Ltd	540	29%	September 2010
Otto Ristorante Italiano Pty Ltd	480	26%	March 2010
Otto Ristorante Italiano Pty Ltd	267	14%	March 2010
Kingsleys Crab House Pty Ltd	571	31%	July 2010

DISTRIBUTIONS

Distributions paid to Members during the year included the following payments;

- 1.60 cents per interest paid on 10 June 2005

Totalling 1.60 cents per interest paid during the period ending 30 June 2005. Please refer to Note 12 in the Notes to Financial Statements for complete details regarding distributions.

INTERESTS ON ISSUE

25,033,490 interests of Quantum Property Syndicate No.12 were on issue at 30 June 2005. 25,033,490 interests were issued on 21 December 2004, there were no other interests redeemed or issued during the year, refer to Note 10 in the Notes to Financial Statements for further information.

OPTIONS

No options over issued interests in the Scheme were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

SCHEME ASSETS

At 30 June 2005, Quantum Property Syndicate No.12 held assets to a total value of \$26,690,328. The basis for valuation of the assets is disclosed in Note 1 in the Notes to Financial Statements.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

The following fees were paid to the Responsible Entity out of Scheme property during the financial year;

- Management fee for the financial year paid to the Responsible Entity was \$87,021
- Establishment fee for the financial year paid to the Responsible Entity was \$1,240,000
- Other fees for the financial year paid to related parties of the Responsible Entity was \$0.

Refer to Note 16 in the Notes to Financial Statements for further details regarding the fees paid to the Responsible Entity.

The Responsible Entity and its associates did not hold any interest in the Scheme for the financial year ended other than as set out in Note 16 in the Notes to Financial Statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes to the state of affairs of Quantum Property Syndicate No.12 during the year, other than those changes otherwise identified in this financial report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has been no matters or circumstances that has arisen since the end of the financial year that has significantly affected, or may affect the Schemes operations in future financial years, the results of those operations or the Schemes state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The investment strategy of the Scheme will be maintained in accordance with the Scheme Constitution and investment objectives.

The Responsible Entity will undertake no further investments in direct property, unless approved by Members. Future results will depend on the performance of the market in relation to the Schemes investment strategy.

ENVIRONMENTAL REGULATION AND ISSUES

The operations of the Scheme are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Scheme has indemnified all officers and employees of the Responsible Entity against liabilities of the Scheme, under the Constitution other than if;

“... provided that the Manager did not act negligently, fraudulently or in breach of duty or breach of trust and acted, in accordance with this Constitution or the law; and acted in good faith”

During the year the Responsible Entity has paid premiums in respect of their officers for liability and professional indemnity insurance for the year ended 30 June 2005. The Responsible Entity has paid or agreed to pay premiums in respect of such insurance contracts for the following year. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the director or executive officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure maybe prohibited under the terms of the contracts.

DIRECTORS REPORT

PROCEEDINGS ON BEHALF OF MANAGED INVESTMENT SCHEME

No person has applied for leave of Court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings.

The Scheme was not a party to any such proceedings during the year.

BOARD COMMITTEES

As at the date of this report, the Responsible Entity had a Compliance Committee and a Nominating Committee.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of the Scheme.



PASCOE WHITTLE

LEVEL 8, 191 CLARENCE STREET
SYDNEY NSW 2000
GPO Box 5269
SYDNEY NSW 2001
TELEPHONE (02) 9299 2444
FACSIMILE (02) 9299 2423

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 370C OF THE CORPORATIONS ACT 2001

TO THE OWNERS OF QUANTUM PROPERTY SYNDICATE NO. 12

We declare to the best of our knowledge and belief, during the period ended 30 June 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

PASCOE WHITTLE

A handwritten signature in blue ink, appearing to read 'John Pascoe', is written over a faint, stylized line drawing of a triangle.

JOHN PASCOE
Partner

Sydney

7 September 2005

DIRECTORS REPORT

The following non-audit services were provided by the Schemes auditor, Pascoe Whittle. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Pascoe Whittle has not received or is not due to receive any amounts for the provision of non-audit services.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

Peter Gribble
Chairman
Quantum Syndicate Management Ltd

Sydney, 9 September 2005

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	30 June 2005
CURRENT ASSETS		
Cash		869,735
Receivables	3	625,510
Other	4	395,083
		1,890,328
NON CURRENT ASSETS		
Property Investment	5	24,800,000
		24,800,000
TOTAL ASSETS		26,690,328
CURRENT LIABILITIES		
Payables	6	501,110
Provisions	7	3,375
Other	8	0
		504,485
NON CURRENT LIABILITIES		
Interest Bearing Liabilities	9	0
		0
TOTAL LIABILITIES		504,485
NET ASSETS		26,185,843
MEMBERS FUNDS		
Interests on Issue	10	25,033,490
Reserves	11	995,360
Undistributed Income	12	156,993
TOTAL MEMBERS FUNDS		26,185,843

**STATEMENT OF FINANCIAL PERFORMANCE
AND DISTRIBUTION**
FOR THE PERIOD ENDED 30 JUNE 2005

Note	30 June 2005
STATEMENT OF FINANCIAL PERFORMANCE	
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES	
Rental Income	1,120,317
Recovery of Property Expenses	61,231
Less: Property Related Expenses 2	(225,513)
Net Property Income	956,035
Interest Income	15,189
Net Income Before Other Expenses	971,224
Custodian Fee 17	(9,635)
Audit and Accounting Fees 18	0
Managers Service Fee 16	(481,443)
Other Expenses	(1,078)
Total Other Expenses	(492,156)
NET PROFIT	479,068
Net Increase in Asset Revaluation Reserve	995,360
TOTAL CHANGE IN EQUITY EXCLUDING DISTRIBUTIONS AND INTEREST ISSUES	1,474,428
Basic Earnings per Interest	3.66
Diluted Earnings per Interest	3.66
STATEMENT OF DISTRIBUTION	
Net Profit Attributable to the Members of the Scheme	479,068
Net Transfers (to)/from Reserves 11	0
Distribution Paid or Payable 12	322,075
UNDISTRIBUTED INCOME AS AT YEAR END	156,993

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2005

Note	30 June 2005
CASH FLOWS FROM OPERATING ACTIVITIES	
Rent Received	627,423
Interest Received	15,189
Payments for Property Expenses	(225,513)
Fees and Other Expenses Paid	(454,139)
Net Cash Flows from Operating Activities 13(a)	(37,040)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payment for Purchase of Property	(23,804,640)
Payment for Additions to Property Investments	0
Net Cash Flows from Investing Activities	(23,804,640)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Interest Bearing Liabilities	0
Proceeds from Equity Raising	25,033,490
Payments for Equity Raising Costs	0
Distributions Paid to Interest holders	(322,075)
Net Cash Flows from Financing Activities	24,711,415
NET (DECREASE)/INCREASE IN CASH	869,735
Opening Cash	0
CLOSING CASH 13(b)	869,735

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF FINANCIAL REPORT

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Scheme in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) INVESTMENT PROPERTIES

Land and building are considered to have the function of an investment and are therefore regarded as a composite asset. The applicable Accounting Standards do not require that investment properties be depreciated. Accordingly, the buildings and components thereof (including plant and equipment) are not depreciated.

Investment properties are carried at fair value. Independent valuation of investment properties are obtained at intervals of not more than three years from suitable qualified property valuers. Such valuations are reflected in the financial statements of the Scheme. Notwithstanding, the directors of the Responsible Entity assess the carrying value of each investment property at each reporting period to ensure its carrying value does not materially differ from its fair value. Where carrying values differ from fair value, those assets are adjusted to their fair value.

In determining fair value, the expected net cash flows have been discounted to their present value using a market risk adjusted discount rate.

A revaluation increment is credited directly to the asset revaluation reserve, unless it reverses a previous revaluation decrement charged as an expense in determining operating profit in respect of the that same class of asset, in which case the increment is credited to operating profit.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount because the Scheme does not expect to be ultimately liable for CGT in respect of the assets.

Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, and during development includeds financing charges and related professional fees incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(c) REVENUE AND RECEIVABLES

Revenue from rents and interest is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received on balance date is recognised as a receivable.

Contingent rentals are recognised as revenues in the financial year in which they are earned.

Receivables are recognised and carried at original amount, less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest and rent is taken up as income on an accrual basis.

(d) EXPENDITURE AND TRADE CREDITORS

Expenditure including rates and taxes, interest and other outgoings is taken up as an expense on an accrual basis.

Liabilities for creditors are carried at cost, which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(e) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST which is recoverable or payable to the taxation authority is included in the Statement of Financial Position as an other asset or liability.

The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cashflows.

(f) INCOME TAX

Under current tax legislation, the Scheme is not liable to pay income tax provided its taxable income and taxable realised capital gains are fully distributed to Members.

(g) CASH AND CASH EQUIVALENTS

Cash on hand and in banks and short-term deposits are stated at nominal values.

For the purpose of the Statement of Cash Flows, cash includes cash at bank, deposits at call and short term money market securities which are readily convertible to cash on hand.

(h) LOANS AND BORROWING COSTS

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Borrowing costs associated with the establishment and management of financing arrangements are amortised over the term of the loan.

(i) LEASING FEES

Leasing in relation to the initial leasing of the property after a redevelopment are capitalised to the carrying value of the property.

Costs that are directly associated with negotiating and executing the on-going renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are deferred and amortised over the lease term in proportion to the rental revenue recognised in each financial year.

(j) LEASING INCENTIVES

Leasing incentives that are offered while the property is under development are capitalised to the carrying value of the property.

Lease incentives in the form of up-front payments, contributions to certain lessees costs, relocation costs and fit-outs that are offered in relation to the on-going operation of the property are recognised as an asset and amortised over the period to which the lease relates.

Incentives provided to lessees in the form of lessor-paid fit-outs and improvements that remain assets of the lessor, for example by becoming part of the structure of the property which is retained beyond the lease term, are capitalised to the carrying value of the property.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(k) ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Scheme is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004, the Responsible Entity allocated internal resources to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, The Scheme's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the Scheme prepares its first fully compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the Directors of the Responsible Entity's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are the Directors best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) Ongoing work being undertaken by the AIFRS project teams;
- (b) Potential amendments to AIFRS and interpretation thereof being issued by the standard-setters and IFRIC; and
- (c) Emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

(l) Reconciliation of equity as presented under AGAAP to that under AIFRS

Note		30 June 2005
Total equity under AGAAP		26,185,843
<i>Adjustment to undistributed income</i>		
-reclassification of asset revaluation reserve	(i)	995,360
		995,360
<i>Adjustment to reserves</i>		
-reclassification of asset revaluation reserve	(i)	(995,360)
		(995,360)
<i>Adjustment to interests on issue</i>		
-reclassification of equity as debt	(ii)	(25,033,490)
		(25,033,490)
Total equity under AIFRS		1,152,353

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

- (i) Under AASB 140 *Investment Property* fair value increments or decrements are recognised in the profit and loss account. The opening balance held in asset revaluation reserve account is transferred to undistributed income at transition, and any future movements in fair value will effect the balance held in undistributed income.
- (ii) Under AASB 132 *Financial Instruments: Disclosure and Presentation* the issued interests of the Scheme would no longer meet the definition of equity, given the fixed life of the Scheme. This requires the issued interests of the Scheme to be reclassified as debt rather than equity.

(II) Reconciliation of net profit under AGAAP to that under AIFRS

Note	30 June 2005
Net profit as reported under AGAAP	479,068
Reclassification of asset revaluation increments (i)	995,360
Net profit under AIFRS	1,474,428

- (i) Under AASB 140 *Investment Property* fair value increments or decrements are recognised in the profit and loss account. This would see any fair value movements being recognised each year in the net profits of the Scheme, and would increase the volatility of the reported net profits.

(III) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

2 PROPERTY RELATED EXPENSES

	30 June 2005
Property related expenses comprise:	
-Insurance	28,917
-Strata levies	187,609
-Rates & property related taxes	5,183
-Repairs and maintenance	2,355
-Other	1,449
	225,513

3 RECEIVABLES

Base rent is receivable on a monthly basis, with turnover rent paid annually in arrears in September each year.

Rent Receivable	554,125
Provision for doubtful debts	0
	554,125
Other receivables	71,385
	625,510

4 OTHER ASSETS (CURRENT)

GST Asset	45,505
Prepaid expenses	349,578
	395,083

The Scheme reports its GST obligations quarterly on a cash basis.

Prepaid expenses represent the Responsible Entities establishment fee that is amortised over the first 12 months of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

5 PROPERTY INVESTMENTS

	30 June 2005
Property investments held at fair value	24,800,000
	24,800,000
(a) Reconciliation of carrying amounts	
<i>Reconciliations of the carrying amounts of property investments at the beginning and end of the financial year are set out below:</i>	
-Carrying amount at start of year	0
-Acquisitions	23,804,640
-Capital additions	0
-Disposals	-
-Net revaluation increments	995,360
	24,800,000

(b) Details of property investments

Description	Acquisition date	Original acquisition cost	Total cost including additons	Date latest independent valuation	Latests independent valuation	Fair value
						2005
The Wharf, Woolloomoo (i)	December 2004	23,804,640	23,804,640	October 2004	24,800,000	24,800,000
		23,804,640	23,804,640		24,800,000	24,800,000

(i) As valued by CB Richard Ellis

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

6 PAYABLES (CURRENT)

Trade liabilities are normally settled on 30 day terms.

	30 June 2005
Trade Creditors	501,110
	501,110

7 PROVISIONS

Provision for Expense	3,375
	3,375

8 OTHER LIABILITIES (CURRENT)

The Scheme does not have any other current liabilities.

9 INTEREST BEARING LIABILITIES

	30 June 2005
Interest bearing liabilities	0
	0

The Scheme has not directly borrowed any long term funds, however seventy-five percent of the Members of the Scheme (the "Owners") have collectively borrowed funds in order to purchase interests in the Scheme.

The Scheme has pledged as security over these loans;

- registered first mortgage over the property in Woolloomooloo,
- registered second mortgage over the property in Woolloomooloo, and
- a fixed and floating charge over the assets of the Scheme

These pledges have been approved by all of the Members of the Scheme, and the Owners pay a fee to the remaining Members who have not borrowed funds (the "Trust") for the use of their share of the Schemes assets as security for the borrowings.

INTEREST RATE RISK

Therefore should the Owners default on payment of their obligations to the financiers, the Schemes assets will be called upon to meet these obligations. In order to minimise their risk the Owners have fixed the exposure to interest rate risk by fixing the rate payable on the borrowed funds for four and a half years until June 2009.

The Owners are primarily relying on their distributions from the Scheme's net profits to meet their borrowing cost obligations, should these distributions fall short of the amount required they have in place a facility to borrow funds from the Trust.

10 INTERESTS ON ISSUE

This represents the amount of equity raised by the Scheme:

	Date of Issue	Number of Interests	
Ordinary interests issued at \$1.00 per interest	21 December 2004	25,033,490	25,033,490
			25,033,490

Rights and Restrictions over Ordinary Interests:

Each Interest ranks equally with all other Ordinary Interests for the purpose of distributions and on termination of the Scheme.

Ordinary Interests entitle the holder to one vote on a show of hands, or if a poll is called, one vote for each percentage of the total issued Interests held by that Interest holder, either in person or by proxy, at a meeting of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

11 RESERVES AND UNDISTRIBUTED INCOME

	30 June 2005
Asset revaluation	995,360
Undistributed income	156,993
	1,152,353
Asset revaluation	
<i>(i) Nature and purpose of reserve</i>	
The asset revaluation reserve is used to record increments and decrements in the value of property investment assets. Upon disposal of an investment property, the amount of asset revaluation reserve applicable to that asset is transferred to retained earnings	
<i>(ii) Movements in reserve</i>	
Balance at beginning of year	0
Revaluation increments/(decrements)	995,360
Balance at end of year	995,360

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

12 DISTRIBUTIONS

	30 June 2005
Statement of distribution	
Net profit attributable to Members of the Scheme	479,068
Net transfers from distributions reserve	0
Undistributed income bought forward	0
Amount available for distribution to Members	479,068
Distribution paid and payable	
-For half year ended 31 December	0
-For year ended 30 June	322,075
Total distributions	322,075
Undistributed income carried forward	156,993
Components of distribution	
	<i>Cents Per Interest</i>
Distribution- half year ended 31 December	0.00
Distribution- year ended 30 June	1.29
	1.29
Reconciliation:	<i>Cents Per Interest</i>
Opening balance	0.00
Initial loans from members	0.31
Distribution- half year ended 31 December	0.00
Distribution- year ended 30 June	1.29
Cash paid during year	(1.60)
	0.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

13 STATEMENT OF CASH FLOWS

a) RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	30 June 2005
Net Profit	479,068
Movement in assets and liabilities:	
Trade debtors	(625,510)
Prepayments	(349,578)
Trade creditors	501,110
Provisions for expenses	3,375
Good & services tax	(45,505)
Net cash inflows from operating activities	(37,040)

b) RECONCILIATION OF CASH

Cash balance comprises:	
-cash assets	869,735
	869,735

14 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for.

Not later than one year	0
Later than one year, but not later than five years	0
Later than five years	0
	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

15 FINANCIAL INSTRUMENTS

INTEREST RATE RISK

The Scheme's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total carrying amount as per statement of financial position
		1 year or less	Over 1 to 5 years	More than 5 years		
	2005	2005	2005	2005	2005	2005
Financial assets						
Cash	869,735	-	-	-	-	869,735
Prepayments	-	-	-	-	349,578	349,578
Trade receivables	-	-	-	-	554,125	554,125
Other receivables	-	-	-	-	71,385	71,385
	869,735	0	0	0	975,088	1,844,823
Weighted average interest rate	3.75%	N/A	10.00%	N/A	N/A	
Financial liabilities						
Trade creditors	-	-	-	-	501,110	501,110
Distribution payable	-	-	-	-	-	0
Prepaid rent	-	-	-	-	-	0
	0	0	0	0	501,110	501,110
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	
Net financial assets/liabilities	869,735	0	0	0	473,978	1,343,713

FINANCIAL INSTRUMENTS (cont'd)

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

NET FAIR VALUES

The net fair values of financial assets and financial liabilities generally approximate their carrying values.

HEDGING INSTRUMENTS

The Scheme does not usually use any hedging instruments, there were no hedging instruments used during the year.

16 RELATED PARTIES

RESPONSIBLE ENTITY

The Responsible Entity of Quantum Property Syndicate No.12 is Quantum Syndicate Management Ltd, whose ultimate holding company is Quantum Group Holdings Pty Ltd.

DIRECTORS

The Directors of Quantum Syndicate Management Ltd during the year were:

Name	Date of Appointment	Number of Interests held
Geoffrey Hodgkinson	Appointed 14 January 2003, Resigned 16 March 2005	
Peter Gribble	Appointed 1 April 1999	391,148
Jonathan Martin	Appointed 1 April 1999	0
James Maitland	Appointed 9 April 2002	391,148

RELATED PARTY TRANSACTIONS

All related party transactions are conducted on normal commercial terms and conditions.

FEES

As the Responsible Entity, Quantum Syndicate Management Ltd receives all management fees which have been deducted from the Scheme during the year. The rate of remuneration paid to the Responsible Entity for its services is provided for in the constitution at a rate being the greater of either;

- 7% per annum of gross income of the Scheme for the year, or
- 0.75% per annum of the cost of the real estate increased by CPI.

Quantum Syndicate Management Ltd provides management services for Quantum Property Syndicate No.12, and out sources administrative functions to associated entities that are wholly owned by Quantum Group Holdings Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

Quantum Administration Services Pty Ltd provides administrative services to the Scheme, total fees paid or payable for the current year \$0. Quantum Accounting Practice Pty Ltd provides accounting services to the Scheme, total fees paid or payable for the current year \$0.

Transactions between the Scheme and Quantum Syndicate Management Ltd result from normal dealings with that company as the Schemes Responsible Entity. Total fees paid or payable to the Responsible Entity for the current year \$1,327,021.

	30 June 2005
Total fees paid or payable for the current year	
-Paid to Responsible Entity	1,327,021
-Paid to related parties of the Responsible Entity	0
	1,327,021

OTHER TRANSACTIONS

Related entities of Peter Gribble and Jonathan Martin also hold an interest in Quantum Property Trust No.12 that holds a twenty-five percent interest in the Scheme. These transactions were entered into on the same terms and conditions as those entered into by other Scheme Members.

From time to time Directors of the Responsible Entity, or their related entities, may invest or withdraw from the Scheme. These transactions are on the same terms and conditions as those entered into by other Scheme Members.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

17 CUSTODIANS REMUNERATION

Amounts received by Australian Executor Trustees Ltd for :	
-Custodial services	9,635
	9,635

18 AUDITORS REMUNERATION

Amounts received by Pascoe Whittle for :	
-Audit and review of the financial report	0
-Audit and review of the compliance plan	0
	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

19 NET ASSET BACKING PER INTEREST

Basic net asset backing is calculated by dividing the Total Members Funds by the number of Ordinary Interests on issue. The number of Interests used in the calculation of Basic Net Asset Backing is 25,033,490.

	30 June 2005
Basic net asset backing per unit (\$)	1.05

20 EARNINGS PER INTEREST

Earnings per Interest is calculated by dividing the Net Profit Attributable to Members of the Scheme by the weighted number of Ordinary Interests on issue during the year. The weighted average number of Interests used in the calculation of earnings per Interest is 13,099,717.

Basic earnings per Interest (cents)	3.66
Diluted earnings per Interest (cents)	3.66

21 SEGMENT REPORTING

The Scheme operates in one business segment being commercial property investment activities, and in one geographical segment being New South Wales, Australia.

22 OTHER REQUIRED INFORMATION

a) COMMENCEMENT DATE OF SCHEME

The Scheme was constituted on 20 September 2004.

b) LIFE OF THE SCHEME

The term of the Scheme is six years from the date of execution of the constitution (dated 20 September 2004). This term may only be extended if greater than 75% of Members agree. The Scheme must be terminated within twelve years of the execution of the constitution.

c) BUYBACK OR REDEMPTION

The Responsible Entity does not anticipate that it will ever be in a position to buy back or redeem any Interests in the Scheme to Members unless all assets are sold and are all in cash.

d) BORROWINGS

Under the constitution the Responsible Entity has the power to arrange loans for the Scheme. The Responsible Entity does not intend to borrow more than 75% of the value of the assets of the Scheme and such loans will be limited solely to the assets of the Scheme.

DIRECTORS DECLARATION

In the opinion of the directors of Quantum Syndicate Management Ltd, the Responsible Entity of Quantum Property Syndicate No.12:

1. the Financial Statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Schemes financial position as at 30 June 2005 and of the performance as represented by the results of the operations and the cash flows for the year ended on that date; and
 - b. complying with Accounting Standards and Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
3. the registered Scheme has operated in accordance with the provisions of the constitution dated 20 September 2004; and
4. the register of Members has, during the year ended 30 June 2005, been properly drawn up and maintained so as to give a true account of the Members of the Scheme

Signed in accordance with a resolution of the Directors



Peter Gribble
Chairman
Quantum Syndicate Management Ltd

Sydney 9 September 2005

INDEPENDENT AUDIT REPORT



PASCOE WHITTLE

LEVEL 8, 191 CLARENCE STREET
SYDNEY NSW 2000
GPO Box 5269
SYDNEY NSW 2001
TELEPHONE (02) 9299 2444
FACSIMILE (02) 9299 2423

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF QUANTUM PROPERTY SYNDICATE NO. 12

Scope

We have audited the financial report of Quantum Property Syndicate No. 12, a Managed Investment Scheme for the period ended 30 June 2005, consisting of the statement of financial position, statement of financial performance and distribution, statement of cash flows, accompanying notes and the responsible entity's declaration set out in this report. The responsible entity, Quantum Syndicate Management Ltd is responsible for the financial report

We have conducted an independent audit of this financial report in order to express an opinion on it to the owners. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements, statutory requirements, and the provisions of the Constitution dated 20 September 2004 (as amended) so as to present a view which is consistent with our understanding of the Scheme's financial position, and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of the Quantum Property Syndicate No. 12 is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Scheme's financial position as at 30 June 2005 and of its performance for the period ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations; and
- (b) Other mandatory professional reporting requirements; and
- (c) With the provisions of the Constitution dated 20 September 2004 (as amended).

PASCOE WHITTLE

A handwritten signature in blue ink, appearing to read 'John Pascoe', is written over a horizontal line.

JOHN PASCOE
Partner

Sydney 9 September 2005

QUANTUM PROPERTY TRUST NO. 12

ARSN: 111 225 015

financial report

FOR THE PERIOD ENDED 30 JUNE 2005

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Responsible Entity

Quantum Syndicate Management Ltd

ABN: 37 086 965 684

AFSL: 237301

Level 9

49-51 York Street

SYDNEY NSW 2000

GPO Box 2593

SYDNEY NSW 2001

Telephone: (02) 9262 4443

Facsimile: (02) 9262 2071

Internet: www.quantumgroup.com.au

Custodian

Australian Executor Trustees Ltd

ABN: 84 007 869 794

Level 9

80 Alfred Street

MILSONS POINT NSW 2061

Auditor

Pascoe Whittle

Level 8

191 Clarence Street

SYDNEY NSW 2000

Share Registry

Newcastle Capital Markets

10 Murray Street

HAMILTON NSW 2303

DIRECTORS REPORT

The Directors of Quantum Syndicate Management Ltd, the Responsible Entity of Quantum Property Trust No.12 ("the Scheme") submit the report of the Scheme for the year ended 30 June 2005

DIRECTORS

The names of the Directors of Quantum Syndicate Management Ltd in office during the financial year and until the date of this report are:

Geoffrey Hodgkinson	Resigned 16 March 2005
Peter Gribble	
Jonathan Martin	
James Maitland	

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Relevant Interest in the Scheme and options over Interests in the Scheme

As at the date of this report, the Interests of the Directors in the Scheme and options over Interests in the Scheme were:

	Relevant Interest	Options over Interests
	<i>Fully paid Units</i>	
Geoffrey Hodgkinson	0	0
Peter Gribble	66,353 [^]	0
Jonathan Martin	200,000 [^]	0
James Maitland	0	0

[^] *In capacity as trustee; beneficially held by a related party of the Directors*

The Directors are not party to any contract to which the Directors may be entitled to a benefit or that confer a right to call for or deliver Interests in the Scheme.

PRINCIPAL ACTIVITIES

The principal activity of the Scheme during the year was to invest funds in accordance with the provisions of the Scheme Constitution. The Scheme invests in Managed Investments Schemes that hold direct property, money market securities and fixed interest securities, in accordance with the provisions of the constitution. There have been no significant changes in the nature of those activities during the year.

DIRECTORS REPORT

SCHEME INFORMATION

Quantum Property Trust No.12 is a listed Australian registered Managed Investment Scheme. Quantum Syndicate Management Ltd, the Responsible Entity of the Scheme, is incorporated and domiciled in Australia.

The Scheme was officially listed to trade on the Stock Exchange of Newcastle Ltd on 17 March 2005 (trading code QPTXXL).

The registered office of the Responsible Entity is located at level 9, 49-51 York Street, Sydney, NSW, 2000.

At balance date, the Scheme had no employees.

OPERATING RESULTS

The net operating income is presented in the Statement of Financial Performance. The net profit attributable to the Members of the Scheme for the period ended 30 June 2005 amounted to a profit of \$472,814.

REVIEW OF OPERATIONS

The Scheme owns a twenty-five percent interest in Quantum Property Syndicate No.12 ARSN: 111 225 060 (QPS12) the following information is some of the relevant financial information on this investment relating to QPS12 as a whole:

Total Assets	\$26,690,328
Total Equity	\$26,185,843
Net Profit	\$479,068
Earnings per Interest (cents)	3.66

DISTRIBUTIONS

Distributions paid to Members during the year included the following payments;

- 3.92 cents per Unit paid on 29 June 2005.

Totalling 3.92 cents per Unit paid during the period ending 30 June 2005. Please refer to Note 12 in the Notes to Financial Statements for complete details regarding distributions.

UNITS ON ISSUE

6,258,373 interests of Quantum Property Trust No.12 were on issue at 30 June 2005. 6,258,373 interests were issued on 21 December 2004, there were no other interests redeemed or issued during the year, refer to Note 10 in the Notes to Financial Statements for further information.

OPTIONS

No options over issued Units in the Scheme were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

SCHEME ASSETS

At 30 June 2005, Quantum Property Trust No.12 held assets to a total value of \$6,737,282. The basis for valuation of the assets is disclosed in Note 1 in the Notes to Financial Statements.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

The following fees were paid to the Responsible Entity out of Scheme property during the financial year;

- Management fee for the financial year paid to the Responsible Entity was \$0
- Other fees for the financial year paid to related parties of the Responsible Entity was \$0.

Refer to Note 17 in the Notes to Financial Statements for further details regarding the fees paid to the Responsible Entity.

The Responsible Entity and its associates did not hold any Units in the Scheme for the financial year ended other than as set out in Note 17 in the Notes to Financial Statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect the Schemes operations in future financial years, the results of those operations or the Schemes state of affairs in future financial years.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect the Schemes operations in future financial years, the results of those operations or the Schemes state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The investment strategy of the Scheme will be maintained in accordance with the Scheme Constitution and investment objectives.

The Responsible Entity will undertake no further investments in Managed Investment Schemes, unless approved by Members. Future results will depend on the performance of the market in relation to the Schemes investment strategy.

ENVIRONMENTAL REGULATION AND ISSUES

The operations of the Scheme are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Scheme.

DIRECTORS REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Scheme has indemnified all officers and employees of the Responsible Entity against liabilities of the Scheme, under the Constitution other than if;

“... provided that the Manager did not act negligently, fraudulently or in breach of duty or breach of trust and acted, in accordance with this Constitution or the law; and acted in good faith”

During the year the Responsible Entity has paid premiums in respect of their officers for liability and professional indemnity insurance for the year ended 30 June 2005. The Responsible Entity has paid or agreed to pay premiums in respect of such insurance contracts for the following year. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the director or executive officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure maybe prohibited under the terms of the contracts.

PROCEEDINGS ON BEHALF OF MANAGED INVESTMENT SCHEME

No person has applied for leave of Court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the Scheme is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings.

The Scheme was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Quantum Syndicate Management Ltd support and have adhered to the principles of corporate governance, other than as noted below.

Outlined below are the following recommendations that have not been followed by the Responsible Entity and the explanation for the departure from best practice recommendations:

- The majority of board members is not made up of independent Directors. Based upon the relatively small size of the operations of the Responsible Entity and the appointment of an independent Director as the chairperson, the Responsible Entity feels that this structure effectively adds value to the company;
- An audit committee has not been established. This is due mainly to the relatively small size of the operations, and the board consults regularly on financial issues concerning the company;
- The Responsible Entity has not requested the attendance by the external auditor of the Scheme at the annual general meeting. Should any Members of the Scheme raise any questions at the meeting in respect to the conduct of the audit and the preparation and content of the audit report, the Responsible Entity will convey these to the auditor, and seek to provide the Members of the Scheme with a written response by the Auditor.
- A remuneration committee has not been established. This is due mainly to the relatively small size of the operations, and the board consults regularly on remuneration issues concerning the Directors and executives of the company.

BOARD COMMITTEES

As at the date of this report, the Responsible Entity had a Compliance Committee and a Nominating Committee.

Members acting on the committees of the board during the year were:

Nominating

Peter Gribble[^]
Jonathan Martin

Compliance

Geoffrey Hodgkinson
Jonathan Martin
Andrew Thomas [^]@
Edmund Khalaf @
Christopher Nicholls @

[^] Chairman of the committee.

@ Andrew Thomas, Edmund Khalaf and Christopher Nicholls are independent consultants and not Directors of the Responsible Entity.

DIRECTORS REPORT

DIRECTORS MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors Meetings	Meetings of Committees	
		Nominating	Compliance
Number of meetings held	12	0	4
Number of meetings attended			
Geoffrey Hodgkinson	12	-	4
Peter Gribble	12	0	-
Jonathan Martin	12	0	4
James Maitland	12	-	-

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of the Scheme.



PASCOE WHITTLE

LEVEL 8, 191 CLARENCE STREET
SYDNEY NSW 2000
GPO BOX 5269
SYDNEY NSW 2001
TELEPHONE (02) 9299 2444
FACSIMILE (02) 9299 2423

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 370C OF THE CORPORATIONS ACT 2001

TO THE UNITHOLDERS OF QUANTUM PROPERTY TRUST NO. 12

We declare to the best of our knowledge and belief, during the period ended 30 June 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

PASCOE WHITTLE

A handwritten signature in blue ink, appearing to read 'John Pascoe', is written over a stylized blue line graphic.

JOHN PASCOE
Partner

Sydney

9 September 2005

DIRECTORS REPORT

The following non-audit services were provided by the Schemes auditor, Pascoe Whittle. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Pascoe Whittle has not received or is not due to receive any amounts for the provision of non-audit services.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

Peter Gribble
Chairman
Quantum Syndicate Management Ltd

Sydney, 9 September 2005

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	30 June 2005
CURRENT ASSETS		
Cash		60,989
Receivables	3	20,750
Other	4	180
		81,919
NON CURRENT ASSETS		
Managed Investment Schemes	5	6,546,460
Other	6	108,902
		6,655,363
TOTAL ASSETS		6,737,282
CURRENT LIABILITIES		
Payables	7	2,475
Provisions	8	140,194
		142,669
NON CURRENT LIABILITIES		
Interest Bearing Liabilities	9	0
		0
TOTAL LIABILITIES		142,669
NET ASSETS		6,594,612
MEMBERS FUNDS		
Units on Issue	10	6,258,373
Reserves	11	248,840
Undistributed Income	12	87,400
TOTAL MEMBERS FUNDS		6,594,612

**STATEMENT OF FINANCIAL PERFORMANCE
AND DISTRIBUTION**
FOR THE PERIOD ENDED 30 JUNE 2005

Note		30 June 2005
STATEMENT OF FINANCIAL PERFORMANCE		
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES		
Investment Income		463,634
Interest Income		14,004
Net Income Before Other Expenses	2	477,638
Custodian Fee	18	0
Audit Fees	19	0
Managers Service Fee	17	0
Other Expenses		(4,824)
Total Other Expenses		(4,824)
NET PROFIT		472,814
Net Increase in Asset Revaluation Reserve		248,840
TOTAL CHANGE IN EQUITY EXCLUDING DISTRIBUTIONS AND INTEREST ISSUES		721,654
Basic Earnings per Unit		14.44
Diluted Earnings per Unit		14.44
STATEMENT OF DISTRIBUTION		
Net Profit Attributable to the Members of the Scheme		472,814
Net Transfers (to)/from Reserves	11	0
Distribution Paid or Payable	12	385,415
UNDISTRIBUTED INCOME AS AT YEAR END		87,400

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2005

	Note	30 June 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Investment Income Received		424,386
Interest Received		14,004
Fees and Other Expenses Paid		(3,279)
Net Cash Flows from Operating Activities	13(a)	435,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Unlisted Investments		(6,258,372)
Payment for Setup Costs		(18,804)
Provision of Loans		(90,098)
Net Cash Flows from Investing Activities		(6,367,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Equity Raising		6,238,373
Distributions Paid to Unit Holders		(245,221)
Net Cash Flows from Financing Activities		5,993,152
NET (DECREASE)/INCREASE IN CASH		60,989
Opening Cash		0
CLOSING CASH	13(b)	60,989

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF FINANCIAL REPORT

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Scheme in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) ASSET INVESTMENTS

Investments of the Scheme are valued at either cost or fair value as at reporting date. Specifically, investment asset classes are valued on the following basis:

Interest Bearing Securities

The net market value of bank accepted bills, promissory notes, negotiable certificates of deposit, corporate bonds, indexed bonds and government bonds is determined by reference to the last available market sales prices of the securities on the recognised exchange platform through which they are ordinarily traded.

Interest bearing securities that are not traded frequently are valued at Directors' valuation, which is based on the quoted market price of securities with similar terms and maturity. Where appropriate, price adjustments will be made to reflect the relative risk premium attached to specific issues of interest bearing securities.

Unlisted Managed Investment Schemes

The net market value of unlisted managed investment schemes is determined on the basis of the published unit prices of the scheme, which is determined by reference to the net asset value of the relevant scheme on a per unit basis on the last day of the period.

Unlisted Equities

For unlisted equity investments where current market valuations are not readily available, a net fair value is determined in good faith by the Responsible Entity at balance date. In circumstances where an investment is individually material to the Scheme's total asset holdings, an independent valuation is sought from a reputable third party.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(c) REVENUE AND RECEIVABLES

Revenue from distributions and interest is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured. Revenue brought to account but not received on balance date is recognised as a receivable.

Receivables are recognised and carried at original amount, less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest and distributions are taken up as income on an accrual basis.

(d) EXPENDITURE AND TRADE CREDITORS

Expenditure including interest and other expenses is taken up as an expense on an accrual basis.

Liabilities for creditors are carried at cost, which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(e) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST which is recoverable or payable to the taxation authority is included in the Statement of Financial Position as an other asset or liability.

The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cashflows.

(f) INCOME TAX

Under current tax legislation, the Scheme is not liable to pay income tax provided its taxable income and taxable realised capital gains are fully distributed to Members.

(g) CASH AND CASH EQUIVALENTS

Cash on hand and in banks and short-term deposits are stated at nominal values.

For the purpose of the Statement of Cash Flows, cash includes cash at bank, deposits at call and short term money market securities which are readily convertible to cash on hand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(h) LOANS PROVIDED

Unsecured Loans

Unsecured loans are measured at the principle amount, allowing for any repayments or drawdowns. Interest is charged on the balance at a fixed rate as simple interest as it accrues.

Interest brought to account but not received during the year is recognised as a receivable, and any amount not received at balance date is then added to the loan balance as a drawdown on each balance date.

(i) ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Scheme is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004, the Responsible Entity allocated internal resources to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, The Scheme's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the Scheme prepares its first fully compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the Directors of the Responsible Entity's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are the Directors best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) Ongoing work being undertaken by the AIFRS project teams;
- (b) Potential amendments to AIFRS and interpretation thereof being issued by the standard-setters and IFRIC; and
- (c) Emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(I) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Note	30 June 2005
Total equity under AGAAP		6,594,612
<i>Adjustment to undistributed income</i>		
		0
<i>Adjustment to reserves</i>		
		0
<i>Adjustment to interests on issue</i>		
-reclassification of equity as debt	(i)	(6,258,373)
		(6,258,373)
Total equity under AIFRS		336,239

- (i) Under AASB 132 *Financial Instruments: Disclosure and Presentation* the issued interests of the Scheme would no longer meet the definition of equity, given the fixed life of the Scheme. This requires the issued interests of the Scheme to be reclassified as debt rather than equity.
- (ii) The Directors have decided to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalent to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

It is not expected that the application of these standards will have a material impact upon the equity of the Scheme. At this stage it is anticipated that the non current assets of the scheme would be classified as being "available for sale" which would not alter the current accounting treatment of these assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

(II) Reconciliation of net profit under AGAAP to that under AIFRS

Note	30 June 2005
Net profit as reported under AGAAP	472,814
Changes to accounting treatment	0
Net profit under AIFRS	472,814

- (i) The Directors have decided to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalent to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

It is not expected that the application of these standards will have a material impact upon the equity of the Scheme. At this stage it is anticipated that the non current assets of the scheme would be classified as being "available for sale" which would not alter the current accounting treatment of these assets.

(III) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

2 NET INCOME BEFORE OTHER EXPENSES

The Scheme has allowed the other Members of QPS12 to use the assets of QPS12 as security for any borrowings that they may make to invest in QPS12. The Scheme charges these Members a fee for allowing them to pledge the assets of QPS12 based upon the equity interest held by the Scheme in QPS12 at a rate of 10.50% per annum.

	30 June 2005
Investment income	
-Distributions	119,767
-Guarantee fees	343,868
	463,634
Interest income	
-Loan interest	0
-Bank interest	14,004
	14,004
	477,638

3 RECEIVABLES

Trade debtors	750
Equity contribution receivable	20,000
	20,750

4 OTHER ASSETS (CURRENT)

The Scheme reports its GST obligations quarterly on a cash basis.

GST asset	180
	180

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

5 MANAGED INVESTMENT SCHEMES

	30 June 2005
Issued Interests- at cost	6,258,372
Share of undistributed profits	39,248
Reserves	248,840
	6,546,460
Book value at beginning of the year	0
Acquisition of investments	6,258,372
Revaluation increments/(decrements)	248,840
Share of undistributed profits	39,248
	6,546,460

VALUATIONS

The accounting policy of the Scheme is to value its unlisted managed investment schemes on the basis of the published unit prices of the scheme, which is determined by reference to the net asset value of the relevant scheme on a per unit basis at balance date. The current accounting policy of QPS12 is to use fair value to value its investment property assets.

OTHER INFORMATION

QPS12 has not directly borrowed any long term funds, the other Members of QPS12 (the "Owners") have collectively borrowed funds in order to purchase interests in QPS12.

QPS12 has pledged as security over these loans;

- registered first mortgage over the property asset of QPS12,
- registered second mortgage over the property asset of QPS12, and
- a fixed and floating charge over the assets of QPS12

These pledges have been approved by all of the Members of QPS12, and the Owners pay a fee to the Scheme for the use of their share of QPS12 assets as security for the borrowings.

The Owners are primarily relying on their distributions from QPS12 net profits to meet their borrowing cost obligations, should these distributions fall short of the amount required, the Scheme has agreed to provide an unsecured loan to the Owners.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

6 OTHER ASSETS (NON CURRENT)

	30 June 2005
Unsecured Loan	
-opening balance	0
-plus drawdowns	90,098
-plus unpaid interest	0
	90,098
Scheme setup costs	18,804
	108,902

7 PAYABLES (CURRENT)

Trade liabilities are normally settled on 30 day terms.

Trade Creditors	2,475
	2,475

8 PROVISIONS

Distributions payable represent a final distribution of 2.24 cents per Unit for the financial year ended 30 June 2005.

Distribution Payable	140,194
	140,194

9 INTEREST BEARING LIABILITIES

The Scheme has not borrowed any funds and does not intend to borrow any funds

Interest bearing liabilities	0
	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

10 UNITS ON ISSUE

This represents the amount of equity raised by the Scheme:

			30 June 2005
	Date of Issue	Number of Interests	
Ordinary Units issued at \$1.00 per Unit	21 December 2004	6,258,373	6,258,373
			6,258,373

Rights and Restrictions over Ordinary Units:

Each Unit ranks equally with all other Ordinary Units for the purpose of distributions and on termination of the Scheme.

Ordinary Units entitle the holder to one vote on a show of hands, or if a poll is called, one vote for each percentage of the total issued Units held by that Unit holder, either in person or by proxy, at a meeting of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

11 RESERVES AND UNDISTRIBUTED INCOME

	30 June 2005
Asset Revaluation	248,840
Undistributed income	87,400
	336,239
Asset revaluation	
<i>(i) Nature and purpose of reserve</i>	
The asset revaluation reserve is used to record increments and decrements in the value of Managed Investment Scheme assets. Upon disposal of these assets, the amount of asset revaluation reserve applicable to that asset is transferred to retained earnings	
<i>(ii) Movements in reserve</i>	
Balance at beginning of year	0
Revaluation increments/(decrements)	248,840
Balance at end of year	248,840

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

12 DISTRIBUTIONS

	30 June 2005
Statement of distribution	
Net profit attributable to Members of the Scheme	472,814
Net transfers from general reserve	0
Undistributed income	0
Amount available for distribution to Members	472,814
Distribution paid and payable	
-For half year ended 31 December	0
-For year ended 30 June	385,415
Total distributions	385,415
Undistributed income carried forward	87,400
Components of distribution	
	<i>Cents Per Interest</i>
Distribution- half year ended 31 December	0.00
Distribution- year ended 30 June	6.16
	6.16
Reconciliation:	<i>Cents Per Interest</i>
Opening balance	0.00
Distribution- half year ended 31 December	0.00
Distribution- year ended 30 June	6.16
Cash paid during year	(3.92)
	2.24

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

13 STATEMENT OF CASH FLOWS

a) RECONCILIATION OF NET PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	30 June 2005
Net Profit	472,814
Movement in assets and liabilities:	
Trade debtors	(750)
Share of undistributed profits	(39,248)
Trade creditors	2,475
Good & services tax	(180)
Net cash inflows from operating activities	435,111

b) RECONCILIATION OF CASH

Cash balance comprises:	
-cash assets	60,989
	60,989

14 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for.

Not later than one year	0
Later than one year, but not later than five years	0
Later than five years	0
	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

15 FINANCIAL INSTRUMENTS

INTEREST RATE RISK

The Schemes exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total carrying amount as per statement of financial position
		1 year or less	Over 1 to 5 years	More than 5 years		
	2005	2005	2005	2005	2005	2005
Financial assets						
Cash	60,989	-	-	-	-	60,989
Receivables	-	-	-	-	20,750	20,750
Unsecured loans	-	-	-	90,098	-	90,098
	60,989	0	0	90,098	20,750	171,837
Weighted average interest rate	3.75%	N/A	N/A	10.00%	N/A	
Financial liabilities						
Trade creditors	-	-	-	-	2,475	2,475
Distribution payable	-	-	-	-	140,194	140,194
	0	0	0	0	142,669	142,669
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	
Net financial assets/liabilities	60,989	0	0	90,098	(121,919)	29,168

FINANCIAL INSTRUMENTS (cont'd)

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

NET FAIR VALUES

The net fair values of financial assets and financial liabilities generally approximate their carrying values.

HEDGING INSTRUMENTS

The Scheme does not usually use any hedging instruments, there were no hedging instruments used during the year.

16 DIRECTORS AND EXECUTIVE DISCLOSURES

DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

Specified Directors

The Directors of Quantum Syndicate Management Ltd during the year were:

Geoffrey Hodgkinson	Chairman (non-executive)
Peter Gribble	Director and Chief Executive Officer
Jonathan Martin	Director (non- executive)
James Maitland	Director and Chief Financial Officer

Specified Executives

Neither Quantum Property Trust No.12 nor Quantum Syndicate Management Ltd employ persons deemed to be specified executives of the Scheme.

REMUNERATION OF SPECIFIED DIRECTORS

Remuneration Policy

Remuneration of Directors is paid directly by either Quantum Syndicate Management Ltd or, one of the subsidiaries of its ultimate parent entity, Quantum Group Holdings Pty Ltd. The Directors do not receive any remuneration directly from Quantum Property Trust No.12. The Remuneration of Directors disclosed below has been based on the estimated proportion of time spent by each Director on the overall property syndication business and then apportioned equally to all registered schemes managed by the Responsible Entity.

The board of Directors are responsible for determining and reviewing compensation arrangements for the Directors of the Responsible Entity. The Directors assess the appropriateness of the nature and amount of emoluments of the Directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

Remuneration of Specified Directors

	<i>Post</i>					
	<i>Primary</i>	<i>Empl'mnt</i>	<i>Equity</i>	<i>Other</i>	<i>Total</i>	
Specified Directors	Salary & Fees	Cash Bonus	Super-annuation	Options		
Geoffrey Hodgkinson*	3,967	-	357	-	-	4,324
Peter Gribble^	13,193	-	3,870	-	-	17,063
Jonathan Martin^	6,529	-	588	-	-	7,117
James Maitland^	4,783	2,006	385	-	-	7,174
Total	28,472	2,006	5,200	-	-	35,678

* The amount of remuneration of non-executive Directors has been determined based on an allocation of their activities attributed to each scheme managed by the Responsible Entity.

^ As these Directors either are or were also Directors of other entities within the wholly-owned group, the amount of remuneration disclosed in the Scheme is based, firstly, on an allocation of their activities attributed to the Responsible Entity and, secondly, on an equal allocation to each scheme managed by the Responsible Entity.

OTHER TRANSACTIONS AND BALANCES WITH SPECIFIED DIRECTORS

Apart from the details disclosed in this note, no specified Director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

17 RELATED PARTIES

RESPONSIBLE ENTITY

The Responsible Entity of Quantum Property Trust No.12 is Quantum Syndicate Management Ltd, whose ultimate holding company is Quantum Group Holdings Pty Ltd.

DIRECTORS

The Directors of Quantum Syndicate Management Ltd during the year were:

Name	Date of Appointment	Number of interests held	
Geoffrey Hodgkinson	Appointed 14 January 2003, Resigned 16 March 2005		
Peter Gribble	Appointed 1 April 1999	66,353^	^ held in capacity as trustee for related entity
Jonathan Martin	Appointed 1 April 1999	200,000^	
James Maitland	Appointed 9 April 2002	0	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

RELATED PARTY TRANSACTIONS

All related party transactions are conducted on normal commercial terms and conditions. The Responsible Entity holds 146,471 units in the Scheme.

FEES

As the Responsible Entity, Quantum Syndicate Management Ltd receives all management fees which have been deducted from the Scheme during the year. As outlined in the constitution no management fees are payable in respect of the Scheme, as the Responsible Entity receives fees from QPS12.

Quantum Syndicate Management Ltd provides management services for Quantum Property Trust No.12, and out sources administrative functions to associated entities that are wholly owned by Quantum Group Holdings Pty Ltd.

Quantum Administration Services Pty Ltd provides administrative services to the Scheme, total fees paid or payable for the current year \$0. Quantum Accounting Practice Pty Ltd provides accounting services to the Scheme, total fees paid or payable for the current year \$0.

Transactions between the Scheme and Quantum Syndicate Management Ltd result from normal dealings with that company as the Schemes Responsible Entity. Total fees paid or payable to the Responsible Entity for the current year \$0.

	30 June 2005
Total fees paid or payable for the current year	
-Paid to Responsible Entity	0
-Paid to related parties of the Responsible Entity	0
	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

OTHER TRANSACTIONS

Peter Gribble and Jonathan Martin respectively hold Units in the Scheme in their capacity as trustees of their self managed superannuation funds. These transactions were entered into on the same terms and conditions as those entered into by other Scheme Members.

From time to time Directors of the Responsible Entity, or their related entities, may invest or withdraw from the Scheme. These transactions are on the same terms and conditions as those entered into by other Scheme Members.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

18 CUSTODIANS REMUNERATION

	30 June 2005
Amounts received by Australian Executor Trustees Ltd for :	
-Custodial services	0
	0

19 AUDITORS REMUNERATION

Amounts received by Pascoe Whittle for :	
-Audit and review of the financial report	0
-Audit and review of the compliance plan	0
	0

20 NET ASSET BACKING PER INTEREST

Basic net asset backing is calculated by dividing the Total Members Funds by the number of Ordinary Units on issue. The number of Units used in the calculation of Basic Net Asset Backing is 6,258,373.

Basic net asset backing per unit (\$)	1.05
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005

21 EARNINGS PER INTEREST

Earnings per Interest is calculated by dividing the Net Profit Attributable to Members of the Scheme by the weighted number of Ordinary Units on issue during the year. The weighted average number of Units used in the calculation of earnings per Unit is 3,274,929.

	30 June 2005
Basic earnings per Interest (cents)	14.44
Diluted earnings per Interest (cents)	14.44

22 SEGMENT REPORTING

The Scheme operates in one business segment being unlisted Managed Investment Scheme investments, and in one geographical segment being New South Wales, Australia.

23 OTHER REQUIRED INFORMATION

a) COMMENCEMENT DATE OF SCHEME

The Scheme was constituted on 20 September 2004.

b) LIFE OF THE SCHEME

The term of the Scheme is six years from the date of execution of the constitution (dated 20 September 2004). This term may only be extended if greater than 75% of Members agree. The Scheme must be terminated within twelve years of the execution of the constitution.

c) BUYBACK OR REDEMPTION

The Responsible Entity does not anticipate that it will ever be in a position to buy back or redeem any Units in the Scheme to Members unless all assets are sold and are all in cash.

d) BORROWINGS

The Responsible Entity does not intend to borrow any funds.

DIRECTORS DECLARATION

In the opinion of the directors of Quantum Syndicate Management Ltd, the Responsible Entity of Quantum Property Trust No.12:

1. the Financial Statements and notes of the Scheme are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Schemes financial position as at 30 June 2005 and of the performance as represented by the results of the operations and the cash flows for the year ended on that date; and
 - b. complying with Accounting Standards and Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
3. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.
4. the registered Scheme has operated in accordance with the provisions of the constitution dated 20 September 2004.

Signed in accordance with a resolution of the Directors



Peter Gribble
Chairman
Quantum Syndicate Management Ltd

Sydney, 9 September 2005

INDEPENDENT AUDIT REPORT



PASCOE WHITTLE

LEVEL 8, 191 CLARENCE STREET
SYDNEY NSW 2000

GPO Box 5269
SYDNEY NSW 2001

TELEPHONE (02) 9299 2444
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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF QUANTUM PROPERTY TRUST NO. 12

Scope

We have audited the financial report of Quantum Property Trust No. 12, a Managed Investment Scheme for the period ended 30 June 2005, consisting of the statement of financial position, statement of financial performance and distribution, statement of cash flows, accompanying notes and the responsible entity's declaration set out in this report. The responsible entity, Quantum Syndicate Management Ltd is responsible for the financial report.

We have conducted an independent audit of this financial report in order to express an opinion on it to the unitholders of the trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements, statutory requirements, and the provisions of the Constitution dated 20 September 2004 (as amended) so as to present a view which is consistent with our understanding of the Scheme's financial position, and performance as represented by the results of its operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of the Quantum Property Trust No. 12 is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Scheme's financial position as at 30 June 2005 and of its performance for the period ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations; and
- (b) Other mandatory professional reporting requirements; and
- (c) With the provisions of the Constitution dated 20 September 2004 (as amended).

PASCOE WHITTLE

A handwritten signature in blue ink, appearing to read 'John Pascoe', is written over a faint, stylized graphic element.

JOHN PASCOE
Partner

Sydney

9 September 2005

NSX ADDITIONAL INFORMATION

Additional information required by the Stock Exchange of Newcastle Ltd and not shown elsewhere in this report is as follows. The information is current as at 9 September 2005.

a) DISTRIBUTION OF EQUITY SECURITIES

The number of Unit holders, by size of holding are:

	Ordinary Units	
	<i>Number of Holders</i>	<i>Number of Units</i>
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	65	4,169,866
100,001 and over	11	2,088,507
	76	6,258,373

b) TWENTY LARGEST UNITHOLDERS

The names of the twenty largest holders of quoted Units are:

	Listed Ordinary Units	
	<i>Number of Units</i>	<i>% Ordinary Units</i>
Old Peak Road Investments Pty Ltd	447,027	7.14%
Ah Chai Tai, Bee Wan Lim & Wayne Tai	215,000	3.44%
Bridgepoint Pty Ltd	210,000	3.36%
Chancery Financial Services Ltd	200,000	3.20%
Jonathan Martin	150,000	2.40%
Retirala Pty Ltd	150,000	2.40%
Ah Chai Tai	150,000	2.40%
Permanent Trustee Company Ltd	149,009	2.38%
Quantum Syndicate Management Ltd	146,471	2.34%
Scottish Ship Owners & Managers Pty Ltd	140,000	2.24%
Vtech Holdings Pty Ltd	131,000	2.09%
AL & EL Price	100,000	1.60%
Alfred & Zlata Belluccini	100,000	1.60%
Fant Pty Ltd	100,000	1.60%
Graeme & Eileen Lee	100,000	1.60%
G W Wulff Nominees Pty Ltd	100,000	1.60%
Kyanna Pty Ltd	100,000	1.60%
Mansera Holdings Pty Ltd	100,000	1.60%
Narclip Pty Ltd	100,000	1.60%
Professional Colour Consultancy Pty Ltd	100,000	1.60%
	2,988,507	47.75%

c) SUBSTANTIAL UNITHOLDERS

The names of substantial Unit holders who have notified the Responsible Entity in accordance with section 671B of the Corporation Act 2001 are:

	Number of Units
Old Peak Rd Investments Pty Ltd	447,027
Ah Chai Tai	365,000
Jonathan Martin	404,984

d) VOTING RIGHTS

On a show of hands, each Unit holder present in person or by proxy has one vote. Upon a poll every Unit holder present in person or by proxy will have one vote for each one percent (1%) (or fraction of that percentage) of the total of all Units in the Trust which the Unit holder holds.

Subject to this Constitution all questions will be decided by a majority vote. In the case of joint holders, only the person whose name appears first in the relevant register may vote.

e) FIVE YEAR PERFORMANCE HISTORY

	2005
Gross revenue	477,638
Net profit before distributions	472,814
Total assets	6,737,282
Total liabilities	142,669
Unit holders funds	6,594,612
Earnings per unit (cents per unit)	14.44
Distributions per unit (cents per unit)	6.16
Net tangible assets	1.05
Price earnings ratio	6.93

