



Quantum Property Syndicate No. 9 and Quantum Property Trust No. 9

QUARTERLY REPORT

March 2005

“155 Queen Street, Brisbane”

Overview

- ❖ Net Property Income for the March quarter of \$623,314,
- ❖ 100% occupancy, HMV have agreed to terms for a new 5 year lease,
- ❖ Discussions re development alternatives are continuing with adjoining property owners.
- ❖ Net profit for the Syndicate for the March quarter of \$588,934, and for the first three quarters to March 2005 of \$1,515,881,
- ❖ Net asset backing per interest at March of \$1.01,
- ❖ Earnings per interest for the Syndicate for the March quarter of \$0.0224, and for the first three quarters to March 2005 of \$0.0576, and
- ❖ Distribution paid to Trust on 31 March 2005 (2¢ per unit).

(Report No. 8)



Property Results and Analysis

The financial results of the property, before syndicate expenses such as administration expenses, management fees and custodian fees were as follows:

	Mar 05 Actual	Mar 05 Budget
Property rental income	782,839	780,116
Property expenses	(159,525)	(157,053)
Net Property Income	623,314	623,063

Net property income for the period was \$251 above the budget.

Tenancy details

The occupancy of the property remains at 100%.

We have reached an agreement with HMV, to renew their lease for a further 5 year term, this is subject to final HMV head office board approval, and the execution of a new lease. The terms of the new lease are as follows;

- Lease term of 5 years (lease would end 31/10/2010)
- Rental rate of \$1,811 giving an annual starting rent of \$1,150,000
- 5% fixed rental increases in years 1, 2, & 4
- Market review in year 3

Whilst the starting rent is approximately 17.5% less than the current rent (\$1,400,000 pa) the manager believes that the costs involved in securing a new tenant (marketing, leasing fees, incentives, vacancy costs, fitouts...) would be likely to absorb any rental income that was above the new HMV rent.

Given the above, and the continuity of rental income and presence that HMV will provide the manager feels that this is the best outcome for the syndicate. The market review in year 3 will allow the syndicate to increase the rent to market rent should the rent at that time be below the current market rent, therefore maximizing the rental income from the tenant in the later years of the lease.

We are still in discussions with Secure Parking who have indicated that they are interested in renewing their lease on the car park, which they are currently occupying on a month by month basis.



Leather.Com is now three months behind on their rent, and despite repeated promises to rectify the situation they still remain in arrears. The manager received interest in leasing the space from Lorna Jane (women's sporting apparel shop) and has agreed to terms for them to lease the space for 5 years on similar rent to the current tenant. The manager has therefore instructed the syndicate's lawyers to serve a notice of default upon Leather.Com, and prepare a new lease for Lorna Jane.

City Immaculate College moved into the space left vacant by the University of the Sunshine Coast, at the beginning of March, ensuring that the property remained at 100% occupancy.

Capital items

There were no major capital expenses incurred during the period.

Development Feasibility

The preliminary schematic design for the joint venture development between the syndicate and the 2 neighboring sites has been reviewed and a preliminary feasibility prepared. Based upon the preliminary feasibility figures, the manager, and the two other parties have now agreed that they are prepared to continue with the possibility of a joint venture development.

The next stage is the preparation of a joint venture agreement, which is currently being drafted.

\$79,691 of the approved budget (\$225,000 to \$275,000) has been spent to date.



Syndicate Results and Analysis

The Quantum Property Syndicate No.9 owns 100% of the property. Quantum Property Trust No.9 owns 25% of the syndicate. The trust results are determined annually (refer below for timing) and hence the results discussed below represent those of the syndicate only.

Net profit of the syndicate, shown in the table below is arrived at after deducting non property related expenses from net property income discussed above, such as administration costs, custodian and management fees.

	Mar 05 (Actual)	Mar 05 (Budget)
Property Investment	24,819,591	
Total Assets	26,623,623	
Total Liabilities	103,814	
Net Asset Backing (per interest)	\$1.01	
Net Profit (March Quarter)	588,934	570,424
Number of Interests on Issue	26,300,000	26,300,000
Earnings per interest	\$0.0224	\$0.0217

The net profit of the Syndicate for the March quarter was 3.2% above the budget (\$588,934 compared to the budget of \$570,424). Earnings per interest were \$0.0224 compared to the budget of \$0.0217

The results for the first three quarters from July to March 2005 were 5.1% above budget (\$1,515,881 compared to the budget of \$1,441,653). The earnings per interest for this period were \$0.0576 compared to the budget of \$0.0548. This was mainly due to timing differences on the recording of some expenses, and higher than forecast interest income on cash reserves.

Distributions to owners (Syndicate)

Two types of interests in the Property were offered. Applicants either received a direct interest in the syndicate thus becoming an owner, or received units in the trust thus becoming a unit holder (e.g. via a Superannuation Fund). Some investors are both an owner and a unit holder. Owners pay for financing costs (yearly in advance) and pay an annual guarantee fee to the trust in consideration of the trust providing its assets as security for the benefit of owners.



Trust Results and Analysis

Given the limited number of transactions undertaken by the Trust during the year, the Trust financial results are only determined annually. As noted in the prospectus the Manager will determine the net income and any guarantee fee due to the Trust from the Syndicate and Owners.

Distributions to unit holders (Trust)

As per the distribution schedule detailed below a distribution of 2 cents per unit was paid on 31 March 2005.

Period (Quarter Ending)	Payment Month	Total Distribution	Cents Per Unit	Status
September 2004	November 2004	\$131,500	2.00	Paid 05/11/04
December 2004	January 2005	\$131,500	2.00	Paid 28/01/05
March 2005	March 2005	\$131,500	2.00	Paid 31/03/05
June 2005	June 2005	\$131,500	2.00	

Newcastle Stock Exchange (NSX)

Please note that the Trust units are listed on the NSX. Please refer to www.newsx.com.au for all announcements relating to the Trust.

The Syndicate and Trust is only required to prepare an audited financial report annually and therefore this investment report aims to provide investors with more timely and detailed information with respect to the Syndicate operations throughout the year. The financial results reported in this report are unaudited

Key Performance Indicators

Property Performance Indicators	March 2005
Property yield - passing*	9.4%
Net asset backing (per interest)	\$1.01
Occupancy	100%
Book value	\$24.8m
Purchase price (June 2003)	\$23.7m
Capital expenditure (for 3 months)	\$0

* based on net property income/purchase price