

# QUANTUM PROPERTY SYNDICATE NO.9 & QUANTUM PROPERTY TRUST NO.9 CIRCULATING RESOLUTION - OCTOBER 2007

## MANAGERS OVERVIEW

On behalf of DaVinci Funds Management Ltd, we provide this special report to investors of the Quantum Property Syndicate No.9 and Quantum Property Trust No.9.

Summary of the key points of the special report are:

- > Investor meeting to be held 11 October 2007; and
- > Resolution to sell the property for \$37.8 million

## SPECIAL MEETING

The Manager hereby circulates a notice of a special meeting of investors as detailed below:

Date	Thursday, 11 October 2007
Time	5:00pm
Venue	Quantum Offices Level 24, 225 George Street SYDNEY NSW 2000
Purpose	To discuss and vote on the proposed resolutions

The agenda will be to table the resolutions for discussion and with the vote to be held after discussion. Any investors not able to attend should complete the attached circulating resolution form and return to the Manager prior to the meeting to ensure your vote is counted.

## RESOLUTIONS

Resolutions to be voted upon at the special meeting:

### 1. Resolve to sell the property at or near to \$37.8 million

To consider and if thought fit, pass the following resolution as a special resolution:

*"that the Responsible Entity, DaVinci Funds Management Ltd be authorised to instruct the Custodian, Australian Executor Trustees Ltd, to amend the current contract for sale or enter into a new contract for sale and other documents relating to the proposed transaction to sell the property, 155 Queen Street Brisbane at a sale price at or near \$37.8 million."*

### 2. Resolve to market the property for sale

If resolution 1 is not passed, to consider and if thought fit, pass the following resolution as a special resolution:

*"that the Responsible Entity, DaVinci Funds Management Ltd be authorised to instruct an agent to formally market the property for sale via an expression of interest campaign."*

## ANALYSIS OF RESOLUTION 1

Under the current contract for sale the due diligence was due to expire 10 August 2007, as mentioned at the last investor briefing the purchaser requested an extension to 28 September 2007 in order to complete their investigations, which the Manager granted.

The purchaser has since come back to the Manager and stated that after completing their investigations, they were not satisfied with their findings. They have identified the following issues:

- > Future capital works expenditure; and
- > Their experts assessment of the potential market rent at the upcoming market review for HMV did not meet their initial assessment of a potential market rent.

The Manager has negotiated the following revised terms with the purchaser, which if approved by the investors will become an unconditional agreement:

	Current Offer	Original Offer
Price	\$40.70 million	\$40.70 million
Rent Guarantee	\$2.90 million to be paid as a rebate at settlement	\$1.70 million
Due Diligence	Nil	
Deposit	\$1.34 million	
Settlement	30 business days after investor approval, 22 November 2007	
Other	Subject to investors approval	

Analysis of investor returns from the sale offer:

#### Syndicate Investors (Owners)

Equity	Funds Returned Pre-Tax	Funds Returned After-Tax	IRR after tax
1/12th \$301,367	\$635,940	\$464,961	24.5%
1/24th \$150,684	\$317,970	\$232,481	24.5%
1/48th \$75,342	\$158,985	\$116,240	24.5%

#### Trust Investors (Unit Holders)

Equity	Funds Returned Pre-Tax	IRR pre Tax	Funds Returned After-Tax	Unit Price at Sale	Unit Value incl. Dist
\$100,000	\$158,450	18.1%	\$153,474	1.55	2.05
\$50,000	\$79,225	18.1%	\$76,737	1.55	2.05

^ Tax is based upon the relevant top marginal rate for Owners and 15% for Unit Holders.

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The following table summarises the difference in returns to investors from the original and the revised offer to purchase:

## Syndicate Investors (Owners)

Equity		Funds Returned Pre-Tax (@)				Funds Returned After-Tax			
		Original	Current	Variance \$	Variance %	Original	Current	Variance \$	Variance %
1/12th	\$301,367	\$691,565	\$635,940	(\$55,625)	-8.0%	\$504,021	\$464,961	(\$39,059)	-7.7%
1/24th	\$150,684	\$345,783	\$317,970	(\$27,813)	-8.0%	\$252,010	\$232,481	(\$19,530)	-7.7%
1/48th	\$75,342	\$172,891	\$158,985	(\$13,906)	-8.0%	\$126,005	\$116,240	(\$9,765)	-7.7%

## Trust Investors (Unit Holders)

Equity		Funds Returned Pre-Tax (@)				Funds Returned After-Tax			
		Original	Current	Variance \$	Variance %	Original	Current	Variance \$	Variance %
\$100,000		\$159,343	\$158,450	(\$893)	-0.6%	\$153,933	\$153,474	(\$459)	-0.3%
\$50,000		\$79,672	\$79,225	(\$447)	-0.6%	\$76,966	\$76,737	(\$230)	-0.3%

## ANALYSIS OF RESOLUTION 2

Should investors vote against accepting the revised offer to purchaser, the Manager proposes to appoint an agent to formally market the property for sale. It is expected that the campaign will run for approximately 4-6 weeks, with settlement terms to range from 6 weeks to 3 months.

## MANAGERS RECOMMENDATION

The Manager has sought the following comment from the agent, Jones Lang LaSalle who have stated that they are unsure as to whether a better offer will be obtained from the open market as the asset value is positioned in between the size for institutions and wealthy private investors.

Therefore the Manager recommends that investors vote to accept the offer as they believe the price reflects market value for the property. Whilst the price has reduced from the original terms, given the current global credit crunch there is uncertainty as to how this will affect the property market and the demand for this asset.

## MANAGERS DISCLOSURE

As disclosed in the Annual Report, some of the directors of Quantum hold an interest in the Syndicate and Trust these directors will vote for the resolution.

## INVESTOR INFORMATION

Further information, including past quarterly reports and other updates can be obtained from the Quantum website, [www.quantumgroup.com.au](http://www.quantumgroup.com.au) or please contact Quantum on (02) 8823 5222.

We would like to thank you for your continued support and look forward to reporting to investors over the coming financial year.

### Disclaimer:

This special update does not include all the disclosures of the annual or half yearly financial reports. Accordingly, it should be read in conjunction with the annual and half yearly reports and any further announcements made by the Syndicate or Trust. The information contained in this update is intended to provide general financial information only. Quantum Syndicate Management Ltd does not warrant or represent that the information in this update is free from errors or omissions or, as no account is taken of your individual objectives, financial situation, and investment needs, is suitable for your intended use.

**ANNEXURE A**  
**CIRCULATING RESOLUTION**  
**QUANTUM PROPERTY SYNDICATE NO.9 &**  
**QUANTUM PROPERTY TRUST NO. 9**

1. I/We (please print)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

2. Resolve to sell the property at or near \$37.8 million

	For	Against	Abstain
(a) The Responsible Entity, DaVinci Funds Management Ltd be authorised to instruct the Custodian, Australian Executor Trustees Ltd, to amend the current contract for sale or enter into a new contract for sale and other documents relating to the proposed transaction to sell the property, 155 Queen Street Brisbane at a sale price at or near \$37.8 million.	<input type="checkbox"/>	<input type="checkbox"/>	N/A

3. Resolve to market the property for sale

	For	Against	Abstain
(b) Should resolution 1 not be passed, the Responsible Entity, DaVinci Funds Management Ltd be authorised to instruct an agent to formally market the property for sale via an expression of interest campaign.	<input type="checkbox"/>	<input type="checkbox"/>	N/A

4. Authorised Signature(s)

Individual/Sole Director  
& Sole Company  
Secretary

Director

Secretary

Contact Name: \_\_\_\_\_

Date: \_\_\_\_\_

**PLEASE FAX ALL COMPLETED RESOLUTIONS TO THE  
MANAGER NO LATER THAN THE 11 OCTOBER 2007**