

Funds Under Management

Hi Q	\$29,958,499	100%
Comprising		
LPT Index	\$7,469,268	24.9%
LPT Active	\$5,535,871	18.5%
LPT Active Plus	\$2,964,050	9.9%
Unlisted Property	\$3,552,430	11.9%
Financial Structures	\$7,936,880	26.5%
Cash	\$2,500,000	8.3%

Fund Debt

Amount	\$3,404,531
LVR	11.3%

Cash Distribution

Annual forecast	10.63¢
September distribution (25 May to 30 June)	2.6575¢
Distribution payment date	8 Oct 2007

Fund Overview

- The investment objectives of Hi Q are to achieve a high level of sustainable income with a high conviction towards capital preservation. Hi Q's objective recognises the defensive characteristics of property and the income rich nature of this asset class.
- The market for Australian LPTs has been exceedingly volatile over the current quarter. Despite these conditions Hi Q is achieving its investment objectives and is performing to forecast.
- The September distribution of 2.675 cents per unit will be paid on 8 October 2007. This reflects an annualised yield of 10.63% and our forecast.
- During September, we finalised due diligence on the Tankstream Property Investments Fund and invested \$2 million. Tankstream holds a diversified portfolio of unlisted property investments. We view this investment will benefit from revaluations within its portfolio.
- The financial structures portfolio performed well over the quarter, notwithstanding WOKI 2 breaching its barrier during the August market volatility.
- While the coupon income under this WOKI is unchanged, the end of year market value will be the lowest priced LPT in the basket, if any of the LPT's are less than our entry price.
- All the LPT's in each WOKI basket have positive 12 month outlooks. The baskets represent over 55% of the LPT index. The LPT share market outlook is for a total return of 8% to 10% and on this basis we anticipate the basket to perform well for the remainder of the year.
- Based on the prevailing kick in positions of the financial structures portfolio, as referred to above, the September Net Asset Value is 92.57 cents per unit.
- We have commissioned Aegis Property Research to undertake a review of our invested portfolio. This review is expected shortly.

Top 5 LPT Positions (% of Hi Q)

Westfield Group	9.0%
GPT Group	3.4%
ING Real Estate Community Living Group	2.8%
Stockland Group	2.7%
DB RReef	2.2%

Unlisted Property (% of Hi Q)

Orchard Essential Healthcare	5.2%
Tankstream Property Investments Fund	6.6%

Financial Structures Portfolio (% of Hi Q)

	Barrier	Yield	Kick in	Value	
WOKI 1 – MCW, DRT, MGR	83%	15.3%	No	\$2.3M	7.7%
WOKI 2 – WDC, GPT, SGP, MCW, MOF	83%	16.8%	Yes	\$3.1M	9.9%
WOKI 3 – WDC, GPT, SGP, CFX, MOF	80%	15.5%	No	\$2.3M	7.5%
S&P / ASX 200 Property Trust Index short call					1.3%

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