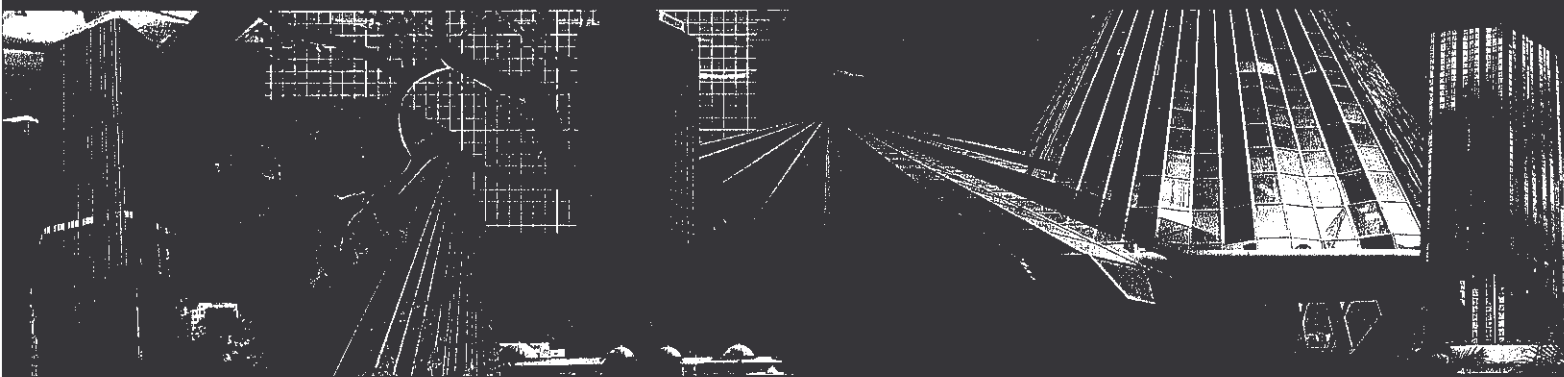


Blue Tower Trust Investors' Report

Quarter ending
31 December 2005





Contents

	Page Number
1. Overview	2
2. Leasing	2
3. Financial Results	3
4. Building Refurbishment	4

Appendices

1. Draft Balance Sheet as at 31 December 2005
2. Draft Profit and Loss Statement to 31 December 2005



1. Overview

This Blue Tower Trust ("Trust") Investors' Report is for the quarter ending 31 December 2005.

The project continues to operate extremely well.

2. Leasing

Leasing activity for the December 2005 quarter is summarised as follows:

New Leases

Wilson Carparking	All carparking spaces	A new lease for three (3) years negotiated
Japanese Consulate	Level 17 982 square metres	A renewal of the lease for five (5) years negotiated
Intergen	Level 18 1,071 square metres	A new lease for six (6) years negotiated
Enesar Consulting	Level 21 225 square metres	A new lease for five (5) years negotiated
Optimum Recruitment	Level 24 248 square metres	A new lease for five (5) years negotiated



3. Financial Results

Attached at Appendices 1 and 2 is the draft Balance Sheet as at 31 December 2005 and draft Profit and Loss Statement to 31 December 2005.

The December 2005 accounts are draft as they are yet to be audited by Ernst & Young. The attached accounts are the first accounts of the Trust that have been prepared under International Financial Reporting Standards (“IFRS”) that became effective for the Trust on 1 July 2005. Major changes to the Trust’s accounts as a result of IFRS include:

- Revaluation of the hedging interest rate swap to fair value
- Amortisation of lease incentives (Fitout Contributions) over the term of the leases
- Recording income from “fixed increase” leases on a straight line basis over the term of the lease
- Formation Costs (100%) to be expensed to the Profit and Loss Statement

The accounting classification of the Trust’s unitholders’ equity under IFRS is uncertain i.e. debt or equity. This issue will be resolved in the coming months. The attached draft accounts show unitholders’ equity in the equity section of the Balance Sheet and the quarterly distributions as distributions of capital.

The project’s draft profit before tax for the period ending 31 December 2005 is \$705,161. The project is operating in accordance with expectations.

The draft Profit and Loss statement is presented in the format of actual current year figures compared to prior year figures which is standard practice for a listed property trust.

The 6% per annum distributions for the December 2005 quarter were paid to the project’s Investors on 20 January 2006. For tax purposes these payments are non-taxable as they represent a partial repayment of capital invested.

4. Building Refurbishment

All of the building services are operating well.

There is unlikely to be any major capital expenditure works during 2006.



A handwritten signature in black ink, consisting of a series of stylized, overlapping 'M' shapes, followed by a horizontal line.

G McMahon
31 January 2006

A handwritten signature in black ink, featuring a large, flowing 'O' followed by 'R' and 'eilly' in a cursive script.

M O'Reilly
31 January 2006

Appendix 1

Draft Balance Sheet
as at 31 December 2005

Balance Sheet

Blue Tower Trust

DRAFT

As At 31 December 2005

	\$
<u>UNITHOLDERS' FUNDS</u>	
Units Issued and Paid Up	26,110,507
Asset Revaluation Reserve	29,759,628
Hedging (SWAP) Reserve	(1,085,350)
Retained Earnings	2,157,713
Profit Current Year	705,161
TOTAL UNITHOLDERS' FUNDS	<u>57,647,659</u>
<u>ASSETS</u>	
CURRENT ASSETS	
CASH	
Monies held in Trust - Property Manager	142,536
Monies held in Trust - Custodian	<u>728,436</u>
TOTAL CASH	<u>870,972</u>
RECEIVABLES	
Trade Debtors	231,347
Income Receivable	<u>163,855</u>
TOTAL RECEIVABLES	<u>395,202</u>
OTHER CURRENT ASSETS	
Prepayments	2,077,662
Property Investments held directly	151,366,210
Lease Incentives - Fitout Contributions	935,530
Less: Amortisation of Lease Incentives - Fitout Contributions	<u>(88,397)</u>
TOTAL OTHER CURRENT ASSETS	<u>154,291,005</u>
TOTAL CURRENT ASSETS	<u>155,557,179</u>
TOTAL ASSETS	<u>155,557,179</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	
Trade Creditors	117,749
Accrued Expenses	1,594,626
Prepaid Income	<u>448,244</u>
TOTAL ACCOUNTS PAYABLE	<u>2,160,619</u>
LOANS	
Bank Loan	95,400,499
Less: Net Borrowing Costs	(1,113,347)
Hedging (SWAP) Loan Reserve	1,085,350
Other loans	<u>376,400</u>
TOTAL LOANS	<u>95,748,902</u>
TOTAL CURRENT LIABILITIES	<u>97,909,521</u>
TOTAL LIABILITIES	<u>97,909,521</u>
NET ASSETS	<u>57,647,659</u>

Appendix 2

Draft Profit and Loss Statement to 31 December 2005

DRAFT

Profit & Loss Statement

Blue Tower Trust

For the Period Ending 31 December 2005

	<u>DEC 2005</u>	<u>DEC 2004</u>	<u>VARIANCE</u>
INCOME			
INTEREST REVENUE	7,527	50,868	(43,341)
RENTAL REVENUE	<u>6,751,237</u>	<u>5,766,712</u>	<u>984,525</u>
TOTAL INCOME	<u>6,758,765</u>	<u>5,817,581</u>	<u>941,185</u>
EXPENSES			
OPERATING EXPENSES	<u>6,053,604</u>	<u>5,491,649</u>	<u>(561,955)</u>
TOTAL EXPENSES	<u>6,053,604</u>	<u>5,491,649</u>	<u>(561,955)</u>
NET PROFIT	<u>705,161</u>	<u>325,931</u>	<u>379,230</u>

DRAFT**Expense Analysis****Blue Tower Trust**

For the Period Ending 31 December 2005

	<u>DEC 2005</u>	<u>DEC 2004</u>	<u>VARIANCE</u>
EXPENSES			
OPERATING EXPENSES			
Accounting Fees	10,300	750	(9,550)
Airconditioning Expenses	237,455	175,204	(62,251)
Amortisation of Formation Expenses	201,698	25,240	(176,458)
Amortisation of Borrowing Costs	180,485	177,844	(2,641)
Amortisation of Lease Incentives - Fitout Costs	88,397	0	(88,397)
Asset Management Fees	377,833	300,000	(77,833)
Audit Fees	54,967	12,000	(42,967)
Bank Charges	41	132	91
Cleaning	37,895	19,132	(18,763)
Consultancy Fees	18,458	55,352	36,894
Custodian Fees	16,232	12,370	(3,862)
Electricity	55,038	46,089	(8,949)
Fees & Licences	2,111	447	(1,664)
Finance Charges - Loans	46,126	46,126	0
Fire Protection	28,525	43,694	15,169
Gardening	2,660	1,796	(864)
Guarantee Fees	41,767	50,000	8,233
Insurance	105,628	77,498	(28,130)
Interest Paid - Bank	3,566,464	3,435,828	(130,636)
Interest Paid - Other	16,940	0	(16,940)
Land Tax	98,641	108,480	9,839
Leasing Expenses	71,844	123,083	51,239
Legal Costs	12,241	13,520	1,279
Lift Expenses	147,586	145,405	(2,181)
Miscellaneous Expenses	9,558	3,363	(6,195)
Pest Control	0	690	690
Printing & Stationery	0	5,309	5,309
Property Management Fees	109,221	68,186	(41,035)
Public Relations	0	933	933
Rates	312,695	310,654	(2,041)
Repairs and Maintenance	128,052	171,719	43,667
Security	74,745	55,820	(18,925)
Telephone & Fax	0	4,982	4,982
TOTAL OPERATING EXPENSES	<u>6,053,604</u>	<u>5,491,649</u>	<u>(561,955)</u>