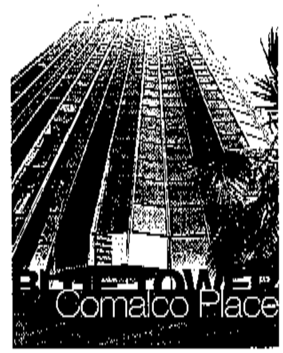

To: BSX Announcements
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(27 pages)

Document Date: Wednesday 15th March, 2006
Classification: Interim Financial Report Half Year ended 31 December 2005

BLUE TOWER TRUST (ARSN 109 093 852)
BSX CODE: BTT

Leyshon Corporation Limited as Responsible Entity and Trustee for Blue Tower Trust hereby submits the Interim Financial Report and Directors' Report for Blue Tower Trust for the half-year ended 31 December 2005.

On 31 January 2006 a draft set of December 2005 management accounts were released to BSX in the Blue Tower Trust's December 2005 Quarterly Investors' Report. These draft management accounts were subject to the completion of changes from the introduction of International Financial Reporting Standards ("IFRS") that became effective for the Trust from 1 July 2005 and subsequent review by the Trust's auditors.

Attached are schedules that detail the changes that occurred to Retained Earnings and Profit after Tax from the draft management accounts released on 31 January 2006 to the attached final Interim Financial Report. All of these changes relate to the introduction of IFRS.

C Little

Christina Little
COMPANY SECRETARY

LEYSHON

ABN 50 090 257 480

Leyshon Corporation Limited
GPO Box 3119 Brisbane QLD 4001
T: 07 3004 1222 F: 07 3003 0122
Australian Financial Services Licence No: 229287

Balance Sheet

Blue Tower Trust

As At 31 December 2005

Reconciliation of Retained Earnings

	$
Retained Earnings (Draft Management Accounts)	2,157,713
Add:	
Transfer from Asset Revaluation Reserve as per IFRS	29,759,628
Adjustment to Asset Revaluation Reserve as per IFRS	15,480,000
Adjustment for "fixed increase" leases as per IFRS	686,216
Less:	
Amortisation of Formation Costs as per IFRS	(201,698)
Amortisation of Fitout Lease Incentives as per IFRS	(44,198)
Retained Earnings (Final Interim Financial Report)	47,837,661

Profit & Loss Statement

Blue Tower Trust

For the Period Ending 31 December 2005

Reconciliation of Net Profit after Tax

	$
Net Profit after Tax (Draft Management Accounts)	705,161
Add:	
Adjustment for "fixed increase" leases as per IFRS	711,502
Fair Value movement in Investment Property as per IFRS	8,718,258
Amortisation of Formation Expenses offset against Retained Earnings as per IFRS	201,698
Amortisation of Fitout Lease Incentives offset against Retained Earnings as per IFRS	44,198
Retained Earnings (Final Interim Financial Report)	10,380,817

Interim Financial Report

BLUE TOWER TRUST
ARSN 109 093 852

Half Year Ended
31 December 2005

Directors' Report

The Directors of Leyshon Corporation Limited (LCL) as Trustee and Responsible Entity of Bluc Tower Trust (Trust), present their report together with the financial statements for the Trust for the half-year ended 31 December 2005 and the auditor's report thereon.

DIRECTORS

During the period to 31 December 2005 and up to the date of this report the following persons were directors of LCL as Trustee and Responsible Entity for the Trust.

G McMahon	Date of Appointment	01/11/1999
M O'Reilly	Date of Appointment	14/05/2003
W Collins	Date of Appointment	14/05/2003
N Summerson	Date of Appointment	11/06/2004

Company Secretary

C Little

REVIEW AND RESULTS OF OPERATIONS AND CHANGES TO STATE OF AFFAIRS

On 28 November 2003 the Trust purchased a 37 level commercial office building known as Comalco Place (Blue Tower) at 12 Creek Street Brisbane. This "trophy" office building is located in the heart of Brisbane's "golden triangle".

The investment strategy was to refurbish and re-lease the building as current leases expire and to ultimately sell the building when deemed appropriate.

As a result of the quality of the buildings services, the only major upgrade to the building required to date has been the replacement of the air-conditioning cooling towers.

The re-leasing of the building has been extremely successful with the occupancy in the building having increased from approximately 85% when the building was acquired in November 2003 to approximately 99.3% at 31 December 2005.

First Financial Report under the Australian equivalents to International Financial Reporting Standards (AIFRSs)

This interim financial report is the first interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. When preparing the Trust's interim financial report for the half-year ended 31 December 2005, management has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures were restated to reflect these adjustments. Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Trust's equity and net profit are set out in Note 1(e) and 1(f).

Directors' Report (continued)

FINANCIAL RESULTS

The Net Profit attributable to the unitholders for the period 1 July 2005 to 31 December 2005 is $10,380,817 (2004 Profit: $486,697). The earnings per unit for the period based on a weighted average number of units of 30,000,000 (2004: 30,000,000) is 34.6 cents per unit (2004: 1.6 cents per unit).

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from our auditors, Ernst and Young, as attached at Page 22.

This statement is made in accordance with a resolution of the Directors of LCL as Trustee and Responsible Entity for the Trust.

On behalf of the Board
Leyshon Corporation Limited as Trustee and Responsible Entity for
Blue Tower Trust
ABN 50 090 257 480

G McMahon
Director
Brisbane, 16 March 2006

Condensed Income Statement
HALF-YEAR ENDED 31 DECEMBER 2005

	Note	6 months to 31 December 2005 $	6 months to 31 December 2004 $
Revenue and Other Income			
Revenue from operating activities	3	7,928,977	6,296,626
Interest revenue	3	7,527	50,868
		7,936,504	6,347,494
Fair value movements in investment properties		8,718,259	0
Total Revenue and Other Income		16,654,763	6,347,494
Air conditioning expenses		(237,455)	(175,204)
Amortisation expenses	3	(224,684)	(177,844)
Asset Management fees		(377,833)	(300,000)
Borrowing expenses		(46,126)	(46,126)
Guarantee Fees		(41,767)	(50,000)
Insurance		(105,628)	(77,498)
Interest Paid		(3,583,404)	(3,435,828)
Leasing Expenses		(71,844)	(123,083)
Lift Expenses		(147,586)	(145,405)
Property Management fees		(109,221)	(68,186)
Rates		(312,695)	(310,654)
Recoverable Outgoings		(466,452)	(390,755)
Repairs and Maintenance		(128,052)	(171,719)
Security		(74,745)	(55,820)
Other expenses		(346,454)	(332,675)
Operating Expenses		(6,273,946)	(5,860,797)
Profit from operating activities		10,380,817	486,697
Income tax expense		0	0
Earnings attributable to unitholders		10,380,817	486,697
Basic earnings per unit (cents)		N/A	1.6
Diluted earnings per unit (cents)		N/A	1.6
Capital Distributions per unit (cents)		6.0	6.0

Refer to note 1(c)(ix) and note 10 for earnings per security.

The above Condensed Income Statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet
AS AT 31 DECEMBER 2005

	Note	31 December 2005 $	30 June 2005 $
CURRENT ASSETS			
Cash assets		870,972	927,918
Receivables		2,237,190	1,409,520
Other		567,107	273,605
Total current assets		3,675,269	2,611,043
NON-CURRENT ASSETS			
Property investments held directly	6	175,564,470	166,413,000
Lease Incentive Fitout		847,133	242,801
Other		791,773	1,958,969
Total non-current assets		177,203,376	168,614,770
TOTAL ASSETS		180,878,645	171,225,814
CURRENT LIABILITIES			
Payables		1,884,936	2,070,249
Interest bearing loans and borrowings		376,400	600,000
Total current liabilities		2,261,336	2,670,249
NON-CURRENT LIABILITIES			
Prepaid Income		1,172	0
Interest bearing loans and borrowings		94,287,152	93,700,000
Cash Flow hedge (Swap Loan)		1,085,350	0
Total non-current liabilities (excluding unitholder interests, refer to note 1 (c)(viii))		95,373,674	93,700,000
NET ASSETS ATTRIBUTABLE TO MEMBERS		83,243,635	74,885,565
REPRESENTED BY			
Units on issue	1(c)(viii), 5	26,110,507	27,017,904
Cash Flow hedge reserve		(1,085,350)	0
Undistributed earnings		58,218,478	47,837,661
TOTAL MEMBERS' INTERESTS		83,243,635	74,855,565

The above Condensed Balance Sheet should be read in conjunction with the accompanying notes.

Condensed Cash Flow Statement

HALF-YEAR ENDED 31 DECEMBER 2005

	6 months to 31 December 2005 $	6 months to 31 December 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,988,176	5,536,479
Payments to suppliers	(2,836,596)	(2,241,474)
Interest received	7,527	50,868
Interest and finance costs paid	(3,703,814)	(3,454,444)
Net cash flows from / (used in) operating activities	455,293	(108,571)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties	(1,081,740)	(1,526,399)
Net cash flows used in investing activities	(1,081,740)	(1,526,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,700,499	0
Repayment of borrowings	(223,600)	0
Payment of transaction costs of unit issue	0	(61,328)
Distributions to unitholders	(907,397)	(907,397)
Net cash flows from / (used in) financing activities	569,502	(968,725)
Net decrease in cash held	(56,946)	(2,603,695)
Cash at the beginning of the reporting period	927,918	3,603,171
Cash at the end of the reporting period	870,972	999,476

The above Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity/Unitholders' Funds

HALF-YEAR ENDED 31 DECEMBER 2005

	Units Issued $	Undistributed Income $	Other reserves $	Total Equity $
At 1 July 2004	**28,879,232**	**389,196**	**0**	**29,268,428**
Net gains on available-for-sale financial assets	0	0	0	0
Net gains/(losses) on cash flow hedges	0	0	0	0
Total income and expense for the period recognised directly in equity	0	0	0	0
Earnings for the period attributable to unitholders	0	486,697	0	486,697
Total income / (expense) for the period attributable to unitholders	0	486,697	0	486,697
Transaction costs	(61,328)	0	0	(61,328)
Capital distributions to unitholders	(907,397)	0	0	(907,397)
At 31 December 2004	27,910,507	875,893	0	28,786,401

Due to the application of AASB 132/AASB 139 unitholders' funds have been reclassified as liabilities. Presented below is a Statement of Changes in Unitholders' Funds.

	Units Issued $	Undistributed Income $	Other reserves $	Total Equity $
At 1 July 2005	**27,017,904**	**47,837,661**	**0**	**74,855,565**
Net gains on available-for-sale financial assets	0	0	0	0
Net gains/(losses) on cash flow hedges	0	0	(1,085,350)	(1,085,350)
Total income and expense for the period recognised directly in equity	0	0	(1,085,350)	(1,085,350)
Earnings for the period attributable to unitholders	0	10,380,817	0	10,380,817
Total income / expense for the period attributable to unitholders	0	10,380,817	(1,085,350)	9,295,467
Capital distributions to unitholders	(907,397)	0	0	(907,397)
At 31 December 2005	26,110,507	58,218,478	(1,085,350)	83,243,635

The above Statement of Changes in Equity/Unitholders' Funds should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the Trust's Constitution and the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of the Trust as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by the Trust during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report has been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Trust under AIFRS are disclosed in Note 1(c) below.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(b) Statement of compliance (continued)

Reconciliations of:
- AIFRS equity as at 31 December 2004, 30 June 2005 and 1 July 2005; and
- AIFRS profit for the half-year ended 31 December 2004 and full year ended 30 June 2005,

to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(e) and 1(f) below.

(c) Summary of significant accounting policies

(i) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Trust expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Distributions

A provision for distributions is recognised in the Balance Sheet if the distribution has been declared, determined or publicly recommended prior to balance date. Distributions are of a capital nature as noted in the Product Disclosure Statement provided to unitholders. As at the reporting date a capital distribution has been declared and was paid on 20 January 2006.

(ii) Investment properties

Property (including land and buildings) held for long-term rental yields is classified as an investment property.

Initially, Investment properties are measured at cost including transaction costs.

Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, an appropriate valuation method which may include discounted cashflow projections and the capitalisation method. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. It also reflects any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the property.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(ii) Investment properties (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Land and buildings (including integral plant and equipment) that comprise the investment property are not depreciated.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

(iii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and at call deposits.

For purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(iv) Trade and other receivables

Trade receivables which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(v) Trade payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest is recognised as an expense in the period in which it accrues using the effective interest method and if not paid at balance date, it is reflected in the balance sheet as a payable.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(vii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised in the Income Statement as it accrues using the effective interest method and if not received at balance date, is reflected in the Balance Sheet as a receivable.

Rental income and recoverable outgoings

Revenues from rents and recoverable outgoings are 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 at balance date is recognised as a receivable. Revenue received in advance is classified as Prepaid Income and recognised as revenue over the period to which the revenue received relates.

Rental income arising on investment properties is accounted for on a straight-line basis for "fixed increase leases" over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

All revenue is stated net of the amount of goods and services tax.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(viii) Issued units

Each issued unit confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. The rights, obligations and restrictions attached to each unitholder are identical in all respects.

For the period up to 30 June 2005, issued units are classified as equity. From 1 July 2005, as required by AASB 132 Financial Instruments: Disclosure and Presentation, issued units, where there is an obligation under the Trust Deed to repay the unit capital at the end of the Trust's life, is recognised as a liability.

Any transaction costs arising on the issue of units are recognised directly in units on issue as a reduction of the unit proceeds received.

(ix) Earnings per unit (EPU)

Basic and diluted EPU is calculated as net profit attributable to unitholders' of the Trust where units are classified as equity, adjusted to exclude costs of servicing equity (other than distributions) divided by the weighted average number of ordinary units.

Diluted EPU is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than distributions);
- the after tax effect of distributions and interest associated with dilutive potential ordinary units that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary units;

divided by the weighted average number of ordinary units and dilutive potential ordinary units, adjusted for any bonus element.

Earnings per security is calculated as net profit attributable to unit holders of the Fund, adjusted to exclude costs of servicing equity (other than dividends/distributions) divided by the weighted average number of ordinary units.

(x) Income tax

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

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xi) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:
• where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
• receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xii) Leasing fees

Leasing fees that are directly associated with negotiating and executing the on-going renewal of tenant lease agreements are deferred and amortised over the lease term. Legal fees and costs of preparing and processing documentation for new leases are expensed to the income statement as they are incurred.

(xiii) Leasing incentives

Lease incentives in the form of up-front payments, contributions to certain lessee's 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.

Where incentives are provided to lessees in the form of rent-free periods, the total income to be earned under the lease is recognised on a straight line basis over the term of the lease. Income recognised during the rent-free period is held as a debtor.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xiv) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Trust no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xv) Derivative financial instruments

The Trust uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in equity.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair values are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(xvi) Borrowing costs

Borrowing costs such as interest are recognised as an expense in the period in which they accrue using the effective interest method and if not paid at balance date, they are reflected in the balance sheet as a payable. Under AASB 139 borrowing costs such as facility fees are capitalised and recorded as a deduction from borrowings, instead of being recognised as an asset. The borrowing costs are then amortised over the life of the borrowings using the effective interest rate method. Borrowing costs relating specifically to a qualifying asset are capitalised as part of inventories.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xvii) Recoverable amount of assets

At each reporting date, the Trust assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Trust makes a formal estimate of recoverable amount. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

(xviii) Formation costs

Formation (establishment) costs in respect to the Trust are expensed to the income statement as they are incurred.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(d) AASB 1 Transitional exemptions

The Trust has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
The Trust has elected to adopt this exemption and has not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

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

		30 June 2005 $	31 December 2004 $	1 July 2004 $
Total equity under AGAAP		58,935,245	28,764,728	29,411,155
Adjustments to equity (net of tax):				
Intangible Assets – Formation costs	(i)	(201,698)	(231,215)	(256,456)
Property Investment	(ii)	29,873,357	113,729	113,729
Asset selling costs not deducted from Investment Property fair value under AIFRS	(ii)	15,366,271	0	0
Fit-out lease incentive amortisation	(ii)	(44,198)	0	0
Asset revaluation reserve	(ii)	(29,759,628)	0	0
Straight-line rent adjustment	(iv)	686,216	139,159	0
Total equity under AIFRS		74,855,565	28,786,401	29,268,428

(i) Under AASB 138 *Intangible Assets*, formation costs have been expensed.

(ii) Under AASB 140 *Investment Property* fair value movements in investment properties are recognised in the income statement. Previously movements were taken to the asset revaluation reserve under AGAAP. Under AGAAP, the Trust's accounting policy was to deduct expected selling costs from property revaluations.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(e) Impact of adoption of AIFRS (continued)

Lease incentives (re: fitout) offered in relation to the ongoing operation of the property have been separated from property investments and amortised over the period of the lease.

(iii) Under AASB 132 Financial Instruments: Disclosure and Presentation capitalised borrowing costs of a financial instrument have been allocated against the financial instrument. This does not result in a change in net equity of the Trust.

(iv) Under AASB 117 Rental income arising on investment properties is accounted for on a straight-line basis for "fixed increase leases" over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

		Year-ended 30 June 2005 $	Half-year ended 31 December 2004 $
Profit after tax as previously reported		1,625,790	322,298
Intangible Assets – Formation costs	(i)	54,757	25,240
Fair Value movement in investment properties	(ii)	45,125,899	0
Fitout lease incentive amortisation	(ii)	(44,198)	0
Straight-line rental adjustment	(iv)	686,216	139,159
Profit after tax under AIFRS		47,448,464	486,697

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those previously presented under AGAAP.

(f) Change in Accounting Policy

The Trust has elected to adopt AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement* applicable from 1 July 2005. In accordance with AASB 132 and AASB 139, the fair value of the effective portion of cash flow hedging instruments (interest rate swaps) of $1,260,318 has been recorded directly to unitholders' funds as at 1 July 2005. Movements in the fair value of the effective portion of cash flow hedging instruments in the period to 31 December 2005 of ($174,968) has been recorded directly to unitholders' funds. As at 1 July 2005, in accordance with AASB132 *Financial Instruments: Presentation and Disclosure*, issued units of $27,017,904 has been reclassified from equity to liabilities.

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

2. SEGMENT INFORMATION

Blue Tower Trust operates in Australia and in the industry of property investment.

	6 months to 31 December 2005 $	6 months to 31 December 2004 $
3. REVENUE AND EXPENSES		
(a) Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity.		
(i) Revenue		
Rents and sub-lease rentals	7,242,417	5,809,206
Recoverable outgoings	686,560	487,420
Interest received	7,527	50,868
	7,936,504	6,347,494
(ii) Expenses		
Interest and finance charges paid or payable to :		
Other parties	3,629,530	3,481,954
Amortisation of lease incentives (fitout)	44,198	0
Amortisation of borrowing costs	180,486	177,844
	3,854,214	3,659,798
4. DISTRIBUTIONS PAID AND PROPOSED		
Capital distributions on units:		
(a) Capital distributions paid during the period (6% per annum per unit paid quarterly in arrears)	453,698	453,698
(b) Capital distributions provided for during the period (6% per annum per unit paid quarterly in arrears)	453,699	453,699
Distributions provided for or paid	907,397	907,397

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

5. UNITS ISSUED	31 December 2005 No. of Units	30 June 2005 No. of Units	31 December 2005 $	30 June 2005 $
Issue of units in the Trust	30,000,000	30,000,000	26,110,507	27,017,904

During the period 1 July 2005 to 31 December 2005, Nil (30 June 2005: Nil) units were issued by the Trust.

6. INVESTMENT PROPERTIES HELD DIRECTLY

Property Description	Date Acquired	Costs & Additions to 31/12/05	Book Value 31/12/05	Latest Valuation	Date of Last Valuation	Valuation Notes
		$'000	$'000	$'000	$'000	$'000
12 Creek Street, Qld	28 November 2003	122,542	176,412	176,412	December 2005	(i)

(i) Fair value as assessed by the Directors of LCL in accordance with AASB 140.

7. CONTINGENT ASSETS OR LIABILITIES

Lease incentive fitout costs totalling approximately $335,000 are expected to be paid by the Trust during the 6 months from 31 December 2005 to 30 June 2006.

In the event of the ultimate sale of the property, the trust would have to pay the Asset Managers a fee in accordance with the Asset Management Agreement. Based on the assessed fair value of $176.5 million as at 31 December 2005, the fee payable would be approximately $15.5 million.

Other than the items noted above there are no other contingent liabilities or contingent assets.

8. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events of a material nature after the balance sheet date of 31 December 2005, to the date of this report.

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

9. CASH AND CASH EQUIVALENTS

	6 months to 31 December 2005 $	6 months to 31 December 2004 $
(a) Reconciliation of cash		
Cash at bank and on hand	870,972	999,476

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as detailed above.

There is no restriction on the use of cash.

10. EARNINGS PER SECURITY

	Consolidated	
	6 months to 31 December 2005	Period to 31 December 2004
Earnings per security (cents)	34.6	2.5

Directors' Declaration
HALF-YEAR ENDED 31 DECEMBER 2005

In accordance with a resolution of the Directors of Leyshon Corporation Limited as Trustee and Responsible Entity of the Trust, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the set out on pages 4 to 20:

(i) give a true and fair view of the financial position of the Trust as at 31 December 2005 and of its performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board
Leyshon Corporation Limited as Trustee and
Responsible Entity for Blue Tower Trust
ABN 50 090 257 480

G. McMahon
Director
Brisbane, 16 March 2006

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000
Australia

PO Box 7878
Waterfront Place
Brisbane QLD 4001

Tel 61 7 3011 3333
Fax 61 7 3011 3100

Auditor's Independence Declaration to the Directors of Leyshon Corporation Limited as Responsible Entity of Blue Tower Trust

In relation to our review of the financial report of Blue Tower Trust for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R J Roach
Partner
16 March 2006

ERNST & YOUNG

■ 1 Eagle Street
Brisbane QLD 4000
Australia

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Brisbane QLD 4001

■ Tel 61 7 3011 3333
Fax 61 7 3011 3100

Independent review report to unitholders of Blue Tower Trust

Scope

The financial report and trustees' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity/unitholders' funds, accompanying notes to the financial statements, and the trustees' declaration for Blue Tower Trust (the trust), for the period ended 31 December 2005.

The trustees of the trust are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the trust, and that complies with Accounting Standards AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001* and Trust Deed. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the unitholders of the trust and in order for the trust to lodge the financial report with the Bendigo Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Trust Deed, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the trust's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of trust personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the trust, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the trustees of the trust a written Auditor's Independence Declaration, a copy of which is included in the Trustees' Report.

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Blue Tower Trust is not in accordance with:

(a) the *Corporations Act 2001* and Trust Deed, including:

  (i) giving a true and fair view of the financial position of Blue Tower Trust at 31 December 2005 and of its performance for the period ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

R J Roach
Partner
Brisbane
16 March 2006

LEYSHON

To: BSX Announcements
Facsimile No. (02) 4929 1556
(34 pages)

Document Date: Wednesday 15th March, 2006
Classification: Interim Financial Report Half Year ended 31 December 2005

LEYSHON PROPERTY FUND NO. 3 (ARSN 109 093 816)
BSX CODE: LEY

Leyshon Corporation Limited as Responsible Entity and Trustee for Leyshon Property Trust No. 3 hereby submits the Interim Financial Report and Directors' Report for Leyshon Property Fund No. 3 for the half-year ended 31 December 2005.

On 31 January 2006 a draft set of December 2005 management accounts were released to BSX in the Leyshon Property Fund No. 3's December 2005 Quarterly Investors' Report. These draft management accounts were subject to the completion of changes from the introduction of International Financial Reporting Standards ("IFRS") that became effective for the Fund from 1 July 2005 and subsequent review by the Fund's auditors.

Attached are schedules that detail the changes that occurred to Retained Earnings and Profit after Tax from the draft management accounts released on 31 January 2006 to the final Interim Financial Report. All of the changes relate to the introduction of IFRS.

C Little

Christina Little
COMPANY SECRETARY

Balance Sheet

Leyshon Property Fund No. 3
As At 31 December 2005

Reconciliation of Retained Earnings

	$
Retained Earnings (Draft Management Accounts)	860,200
Add:	
Transfer from Asset Revaluation Reserve as per IFRS	1,086,926
Adjustment for "fixed increase" leases as per IFRS	154,621
Adjustment to Income Tax Expense relating to IFRS adjustments	67,933
Less:	
Amortisation of Fitout Lease Incentives as per IFRS	(105,989)
Amortisation of Formation Costs as per IFRS	(1,100)
Development costs expensed as per IFRS	(957,079)
Retained Earnings (Final Interim Financial Report)	1,105,512

Profit & Loss Statement

Leyshon Property Fund No. 3

For the Period Ending 31 December 2005

Reconciliation of Net Profit after Tax

	$
Net Loss after Tax (Draft Management Accounts)	(747,683)
Add:	
Adjustment for "fixed increase" leases as per IFRS	111,966
Fair Value movement in Investment Property as per IFRS	1,500,554
Adjustment to Income Tax Expense relating to IFRS adjustments	51,233
Less:	
Amortisation of Formation Expenses offset against Retained Earnings as per IFRS	(177,608)
Development Costs expensed as per IFRS	(168,842)
Retained Earnings (Final Interim Financial Report)	569,620

Interim Consolidated Financial Report

LEYSHON PROPERTY FUND NO. 3

Comprising the consolidated financial reports of
Leyshon Developments No. 3 Limited ABN 56 111 628 589
and its controlled entities
and Leyshon Property Trust No. 3 ABN 95 909 819 176

Half Year Ended
31 December 2005

Directors' Report

The Directors of Leyshon Developments No. 3 Limited (LDL3) and the Directors of Leyshon Corporation Limited (LCL) as Trustee and Responsible Entity for Leyshon Property Trust No. 3 (LPT3) present their report together with the financial statements for Leyshon Property Fund No. 3 ("the Consolidated Group") being LDL3 ("the Parent Entity") and its controlled entities, and LPT3 ("the Trust") for the half-year ended 31 December 2005 and the auditor's report thereon.

DIRECTORS

During the period to 31 December 2005 and up to the date of this report the following persons were directors of LDL3 and were directors of LCL as Trustee and Responsible Entity for LPT3 respectively.

LDL3

R Bryan	Date of Appointment	02/11/2004
G McMahon	Date of Appointment	02/11/2004
W Collins	Date of Appointment	02/11/2004
M O'Reilly	Date of Appointment	02/11/2004
S Bryan	Date of Appointment	02/11/2004
S Smith	Date of Appointment	02/11/2004
K Pickard	Date of Appointment	02/11/2004

Company Secretary Christina Little

LCL as Trustee and Responsible Entity for LPT3

G McMahon	Date of Appointment	01/11/1999
W Collins	Date of Appointment	14/05/2003
M O'Reilly	Date of Appointment	14/05/2003
N Summerson	Date of Appointment	11/06/2004

Company Secretary

C Little

LDL3 was incorporated in November 2004 and LPT3 was constituted in May 2004. Leyshon Property Fund No. 3 (Fund) commenced operations on 21 December 2004.

Directors' Report (continued)

STRUCTURE OF THE FUND

The Fund was created upon the issue of shares by LDL3 and units by LPT3 and the stapling of the securities on 21 December 2004.

LDL3 was incorporated on 2 November 2004 and issued shares under a Prospectus and Product Disclosure Statement dated 8 November 2004 as part of an equity raising for the Fund. Leyshon Palm Beach Developments Pty Ltd was incorporated on 21 March 2005 as a wholly owned subsidiary of LDL3.

LPT3 was created by a Trust Deed dated 14 May 2004, which was subsequently amended on 8 November 2004, 9 March 2005 and 27 June 2005. Units were issued under a Prospectus and Product Disclosure Statement dated 8 November 2004 as part of an equity raising for the Fund.

Shares issued in the company are stapled to units issued in the trust and are treated as one security. The stapled securities are quoted and traded together on the Bendigo Stock Exchange (BSX). The stapled securities cannot be traded or dealt with separately.

The two entities comprising the stapled group, remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

The Fund's stapled security structure allows equity investors to derive income from passive property ownership (Melbourne Street and future projects) supplemented by profits from active property development (London Woolstore, Palm Beach and future projects).

The Fund is subject to a Stapling and Asset Management Deed dated 8 November 2004, whereby LCL in its own capacity is the Manager of the Fund and Asset Manager of the projects of the Fund.

The stapled security structure will cease to operate if any of the following occurs:

(a) Subject to the Law, the BSX Listing Rules and approval by resolution of the shareholders and unitholders, the Manager may determine that the provisions of LPT3's Trust Deed relating to stapling will cease to apply. If they do so, they may at a later time give notice that the application of the provisions is to recommence.

(b) Each unit will remain stapled to the share to which it is stapled to form a stapled security until the date the units are unstapled. Securities will cease to be stapled to any security which ceases to be on issue.

(c) A provision of LPT3's Trust Deed relating to stapling may not be amended except with the prior written consent of the Manager.

Directors' Report (continued)

REVIEW OF OPERATIONS AND CHANGES TO STATE OF AFFAIRS

The Fund was established to invest in and develop a portfolio of quality property projects including:

- 99 Melbourne Street, South Brisbane, a recently constructed commercial office building;
- London Woolstore at Vernon Terrace, Teneriffe involving the conversion and refurbishment of three former woolstore buildings into 89 residential apartments, car parking, nine retail shops and commercial office space;
- Palm Beach Plaza, Gold Coast Highway, Palm Beach. This site is to be developed into an approximate 5,000 square metre retail and commercial complex and approximately 200 residential apartments. The project is to be developed in two stages over 2006 – 2008; and
- Future projects which satisfy the Fund Manager's project selection criteria.

First Financial Report under the Australian equivalents to International Financial Reporting Standards (AIFRSs)

This interim financial report is the first Fund interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. When preparing the Fund interim financial report for the half-year ended 31 December 2005, management has amended certain accounting and valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures were restated to reflect these adjustments. Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Fund's equity and net profit are set out in Note 1 (e).

FINANCIAL RESULTS

A summary of combined revenues and results for the period by significant industry segments is set out below.

(a) Property Development

Property Development's net loss after tax of $1,362,791 (Period 21 December 2004 to 31 December 2004 Profit: $8,259) resulted from the pre-development costs of the Palm Beach project being expensed to date (excluding land costs and associated transaction costs). Revenues and profits from the development of the London Woolstore project will be recognised upon settlement of the respective apartments which is expected to commence in the six months period ending 30 June 2006.

Directors' Report (continued)

FINANCIAL RESULTS (Continued)

(b) Property Investment

The Property Investment division achieved a net profit after tax of $1,932,411 (Period 21 December 2004 to 31 December 2004: $37,775) as a result of net commercial rent from the property situated at 99 Melbourne Street, South Brisbane and an increase in the fair value of the property. This property was purchased on 21 December 2004.

The Net Profit attributable to the security holders for the period 1 July 2005 to 31 December 2005 is $569,620 (21 December 2004 to 31 December 2004 Profit: $46,034). This equates to 1.6 cents per security (Period 21 December 2004 to 31 December 2004: 0.9 cents per security) based on the weighted average of 35,000,000 (Period 21 December to 31 December 2004: 5,153,093) securities that were on issue during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from our auditors, Ernst and Young, as attached at Page 29.

This statement is made in accordance with a resolution of the Directors of LDL3 and the Directors of LCL as Trustee and Responsible Entity for LPT3.

On behalf of the Board
Leyshon Developments No. 3 Limited
ABN 56 111 628 589

R. Bryan
Director
Brisbane, 16 March 2006

On behalf of the Board
Leyshon Corporation Limited as Trustee and Responsible Entity for
Leyshon Property Trust No. 3
ABN 50 090 257 480

G. McMahon
Director
Brisbane, 16 March 2006

Condensed Income Statement
HALF-YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 6 months to 31 December 2005 $	Consolidated Period to 31 December 2004 $
Revenue and Other Income			
Revenue from operating activities	3	1,610,951	66,839
Interest revenue	3	301,751	23,667
		1,912,702	90,506
Fair value movements in investment properties		1,500,554	0
Total Revenue and Other Income		3,413,256	90,506
Amortisation expenses	3	(218,577)	(2,848)
Borrowing expenses	3	(555,936)	(31,913)
Insurance		(32,147)	(2,220)
Development costs expensed		(2,156,668)	0
Land tax		(18,900)	(1,529)
Property management fees		(18,666)	(814)
Recoverable outgoings		(115,953)	(1,855)
Security		(5,588)	(246)
Other expenses		(305,203)	(796)
Operating Expenses		(3,427,638)	(42,221)
Profit/(loss) from operating activities		(14,382)	48,285
Income tax expense/(benefit)		(584,002)	2,251
Earnings attributable to members		569,620	46,034

	2005	2004
Basic earnings per share (cents)	3.4	0.9
Diluted earnings per share (cents)	3.4	0.9
Distributions per security (cents)	8.0	8.0

Refer to note 1(c)(xvii) and note 11 for earnings per security.

The above Condensed Income Statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet
AS AT 31 DECEMBER 2005

	Note	Consolidated 31 December 2005 $	Consolidated 30 June 2005 $
CURRENT ASSETS			
Cash assets		8,730,678	12,434,339
Receivables		789,884	1,493,279
Inventories		41,433,418	31,427,331
Other		83,067	44,856
Total current assets		51,037,047	45,399,805
NON-CURRENT ASSETS			
Property investments held directly	6	26,165,492	25,315,492
Lease Incentive Fitout		2,049,811	1,578,519
Inventories		11,599,334	11,599,334
Deferred tax assets		13,365,000	9,073,086
SWAP Loan		9,917	0
Total non-current assets		53,189,554	47,566,431
TOTAL ASSETS		104,226,601	92,966,236
CURRENT LIABILITIES			
Payables		1,996,035	1,111,187
Interest bearing loans and borrowings		30,205,117	22,282,271
Total current liabilities		32,201,152	23,393,459
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		23,746,007	23,733,303
Accrued expenses		1,112,795	1,890,119
Deferred tax liability		12,430,025	8,722,114
Other		1,237,060	895,711
Total non-current liabilities (excluding unitholder interests, refer to note 1(c)(xvi))		38,525,887	35,241,246
NET ASSETS ATTRIBUTABLE TO MEMBERS		33,499,562	34,331,531
REPRESENTED BY:			
Attributable to members of the company			
Contributed equity	5	17,218,110	17,218,110
Retained earnings		(1,899,836)	(537,046)
Attributable to members of the parent		15,318,274	16,681,064
Attributable to unitholders of the trust			
Units on issue	1(c)(xvi), 5	14,596,402	16,007,909
Cash flow hedge reserve		9,917	-
Undistributed earnings		3,574,968	1,642,558
Attributable to members of the trust		18,181,287	17,650,467
TOTAL MEMBERS' INTERESTS		33,499,561	34,331,531

The above Condensed Balance Sheet should be read in conjunction with the accompanying notes.

Condensed Cash Flow Statement
HALF-YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	6 months to 31 December 2005 $	Period to 31 December 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,338,833	129,160
Payments to suppliers	(9,482,454)	(153,117)
Interest received	302,631	23,667
Interest and finance costs paid	(1,969,401)	(18,491,277)
Net cash flows (used in) operating activities	(9,810,391)	(18,491,567)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Payments for investment properties	554	(25,905,975)
Proceeds from vendor for leasing incentives	0	2,775,181
Payment for inventory	(1,639,556)	0
Refunded deposit	800,000	0
Net cash flows (used in) investing activities	(839,002)	(23,130,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	7,895,681	26,718,520
Payment of borrowing costs	0	(170,857)
Proceeds from the issue of securities	0	25,297,000
Payment of transaction costs of securities issue	0	(366,887)
Proceeds from borrowings – related party	406,157	0
Distribution to security holders'	(1,356,106)	0
Proceeds / payment for unsecured notes	0	0
Net cash flows from financing activities	6,945,732	51,477,776
Net (decrease)/increase in cash held	(3,703,661)	9,855,415
Cash at the beginning of the reporting period	12,434,339	0
Cash at the end of the reporting period	8,730,678	9,855,415

The above Condensed Cash Flow Statement should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity
HALF-YEAR ENDED 31 DECEMBER 2005

	CONSOLIDATED			
	Securities Issued $	Undistributed Income $	Other reserves $	Total Equity $
At 1 July 2004	**0**	**0**	**0**	**0**
Net gains/(losses) on cash flow hedges	0	0	0	0
Total income and expense for the period recognised directly in equity				
Profit for the period attributable to shareholders	0	8,259	0	8,259
Earnings for the period attributable to unitholders	0	37,775	0	37,775
Total income / expense for the period attributable to members	0	46,034	0	46,034
25,297,000 securities issued 21 Dec 2004	25,297,000	0	0	25,297,000
Transaction costs	(393,703)	0	0	(393,703)
Capital distributions to unitholders	(60,990)	0	0	(60,990)
At 31 December 2004	24,842,307	46,034	0	24,888,341
At 1 July 2005	**33,226,019**	**1,105,512**	**0**	**34,331,531**
Net gains/(losses) on cash flow hedges	0	0	9,917	9,917
Application of AASB132 – reclassification of unitholder equity to debt	(16,007,909)	-	-	(16,007,909)
Total income and expense for the period recognised directly in equity				
Profit for the period attributable to shareholders	0	(1,362,791)	0	(1,362,791)
Earnings for the period attributable to unitholders	0	1,932,411	0	1,932,411
Total income / expense for the period attributable to members	0	569,620	9,917	579,537
At 31 December 2005	**17,218,110**	**1,675,132**	**9,917**	**18,903,159**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Combined Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The financial report of the Fund consists of the consolidated financial statements of LDL3.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Fund as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of the Fund as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by the Fund during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report has been prepared on a historical cost basis, except for investment properties, land and buildings and derivative financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Fund under AIFRS are disclosed in Note 1(c) below.

Notes to the Combined Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(b) Statement of compliance (continued)

Reconciliations of:
- AIFRS equity as at 31 December 2004, 30 June 2005 and 1 July 2005; and
- AIFRS profit for the half-year ended 31 December 2004 and full year ended 30 June 2005,

to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(e) and 1(f) below.

(c) Summary of significant accounting policies

(i) Basis of Consolidation

This half year financial report includes the financial statements of the consolidated group comprising LDL3 (parent entity) and its controlled entities and LPT3.

The consolidated half year financial report has been drawn up in accordance with ASIC Class Order 05/642 relating to combining accounts under stapling, and for the purposes of fulfilling the requirements of the Bendigo Stock Exchange. Under AASB 3, LDL3 is considered to be the parent entity of the Trust.

Information from the financial statements of subsidiaries is included from the date the Parent Entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the Parent Entity has control. Subsidiary acquisitions are accounted for using the purchase method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Leyshon Palm Beach Developments Pty Ltd (LPBD) was consolidated into the group from the date of incorporation, 21 March 2005. Accordingly, the consolidated financial statements include the results of LPBD for the half-year ended 31 December 2005.

Notes to the Combined Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(ii) Investment properties

Property (including land and buildings) held for long-term rental yields and that is not occupied by an entity in the Fund, is classified as an investment property.

Initially, investment properties are measured at cost including transaction costs.

Subsequent to initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, an appropriate valuation method which may include discounted cashflow projections and the capitalisation method. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. It also reflects any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably.

Land and buildings (including integral plant and equipment) that comprise the investment property are not depreciated.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

(iii) Borrowing costs

Borrowing costs such as interest is recognised as an expense in the period in which they accrue using the effective interest method and if not paid at balance date, they are reflected in the balance sheet as a payable. Under AASB 139 borrowing costs such as facility fees are capitalised and recorded as a deduction from borrowings, instead of being recognised as an asset. The borrowing costs are then amortised over the life of the borrowings or part of the effective interest rate method. Borrowing costs relating specifically to a qualifying asset are capitalised as part of inventories.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(iv) Recoverable amount of assets

At each reporting date, the Fund assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Fund makes a formal estimate of recoverable amount. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

(v) Inventories

Development work in progress

Inventory is comprised of development properties held for resale. Development properties are carried at the lower of cost and net realisable value. Cost includes the costs of acquisition, development and borrowing costs. Holding costs such as rates and taxes are expensed following the completion of the development and during the development period if income from rent is earned. Associated development costs are expensed to the income statement until such time as the development company has committed to the project.

(vi) Trade and other receivables

Trade receivables which generally have 30 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(vii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and at-call deposits.

For purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(viii) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest is recognised as an expense as it accrues.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(ix) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Fund expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before reporting date.

Distributions

A provision for distributions is not recognised as a liability in the balance sheet unless the distribution has been declared, determined or publicly recommended prior to balance date. Distributions are of a capital nature paid quarterly in arrears as noted in the Prospectus and Product Disclosure Statement provided to securityholders. As at the reporting date a capital distribution has been declared and is due for payment on 31 January 2006.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(x) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised in the Income Statement as it accrues using the effective interest method and if not received at balance date, is reflected in the Balance Sheet as a receivable.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Property Development income

Revenue on the sale of development properties is recognised upon settlement.

Management Fees

Management fee revenue is recognised upon delivery of the service and attaining control of the right to receive the management fee.

All revenue is stated net of the amount of goods and services tax.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xi) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

• except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

• except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xi) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Under current tax legislation, LPT3 is not liable to pay income tax provided its taxable income and taxable realised gains are fully distributed to unitholders.

(xii) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xiii) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xiv) Derivative financial instruments

The Fund uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised in equity.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(xv) Trade payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund. The amounts are unsecured and are usually paid within 30 days of recognition.

(xvi) Contributed equity and unitholders' funds

Issued and paid up capital is recognised at the fair value of the consideration received by the Fund.

Each security issued confers upon the security holder an equal interest in the Fund, and is of equal value. A security does not confer any interest in any particular asset or investment of the Fund. The rights, obligations and restrictions attached to each security holder are identical in all respects.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xvi) Contributed equity and unitholders' funds (Continued)

For the period 1 July 2004 to 30 June 2005, unitholders' equity in the Trust was treated as equity. From 1 July 2005, as required by AASB 132 Financial Instruments: Disclosure and Presentation, issued units, where there is an obligation under the Trust Deed to repay the unit capital at the end of the Trust's life, is recognised as a liability.

Any transaction costs arising on the issue of securities are recognised directly in equity as a reduction of the security proceeds received.

(xvii) Earnings per share (EPS)

Basic and diluted EPS is calculated as net profit attributable to security holders, adjusted to exclude costs of servicing equity (other than dividends/distributions) divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net profit attributable to security holders, adjusted for:
- costs of servicing equity (other than dividends/distributions);
- the after tax effect of dividends/distributions and interest associated with dilutive potential ordinary securities that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary securities;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Earnings per security is calculated as net profit attributable to security holders of the Fund, adjusted to exclude costs of servicing equity (other than dividends/distributions) divided by the weighted average number of ordinary securities.

(xviii) Leasing fees

Leasing fees that are directly associated with negotiating and executing the on-going renewal of tenant lease agreements are deferred and amortised over the lease term. Legal fees and costs of preparing and processing documentation for new leases are expensed to the income statement as they are incurred.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(xix) Leasing incentives

Lease incentives in the form of up-front payments, contributions to certain lessee's 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.

Where incentives are provided to lessees in the form of rent-free periods, the total income to be earned under the lease is recognised on a straight line basis over the term of the lease. Income recognised during the rent-free period is held as a debtor.

(xx) Formation costs

Formation (establishment) costs in respect to the Fund are expensed to the income statement as they are incurred.

Notes to the Financial Statements
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(d) AASB 1 Transitional exemptions

The Fund has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations
AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
The Fund has elected to adopt this exemption and has not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and
AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before
1 January 2005 ('AGAAP') is illustrated below.

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

		Consolidated	
	Notes	**30 June 2005 $**	**31 December 2004 $**
Total equity under AGAAP		35,173,145	24,886,777
Adjustments to equity (net of tax):			
Intangible Assets – Formation Costs	(i)	(1,100)	0
Intangible Assets – Development Costs	(ii)	(541,185)	0
Intangible Assets – Marketing Costs	(iii)	(415,893)	0
Fitout lease incentive amortisation	(iv)	(105,989)	0
Property Investments	(iv)	1,086,926	0
Rental income – Straight Line	(v)	154,621	1,564
Tax effect of formation costs written off	(i)	67,932	
Adjustments to other reserves (net of tax):			
Asset revaluation reserve	(iv)	(1,086,926)	0
Total equity under AIFRS		34,331,531	24,888,341

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(e) Impact of adoption of AIFRS (continued)

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS (continued)

(i) Under AASB 138 *Intangible Assets*, formation costs have been expensed.

(ii) Under AASB 138 *Intangible Assets*, pre-development costs are to be expensed until such time as the company commits to the development project. This will normally be when the company has received a satisfactory Development Approval and the board has resolved to proceed with the project. LDL3's previous accounting policy allowed for the capitalisation of such costs.

Revenue and profit on development projects will not be brought to account until completion of construction and settlement of the individual unit contracts.

(iii) Under AASB 138 *Intangible Assets*, marketing costs are to be expensed. LDL3's previous accounting policy allowed for the capitalisation of such costs where they were specific to the project.

(iv) Under AASB 140 *Investment Property* fair value movements in investment properties are recognised in the income statement. Previously movements were taken to the asset revaluation reserve under AGAAP.

Lease incentives (re: fitout) offered in relation to the ongoing operation of the property have been separated from property investments and amortised over the period of the lease.

(v) Under AASB 117 Rental income arising on investment properties is accounted for on a straight-line basis for "fixed increase leases" over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(vi) Under AASB 112 *Income Taxes* requires the Fund to recognise deferred tax balances according to the balance sheet liability method, rather than the income statement method. The balance sheet liability method recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base.

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(e) Impact of adoption of AIFRS (continued)

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS (continued)

(vii) Under AASB 132 Financial Instruments: Disclosure and Presentation capitalised borrowing costs of a financial instrument have been allocated against the financial instrument. This does not result in a change in net equity of the Fund.

The tax effect of the adjustments above led to an increase in deferred tax assets. The total change in deferred tax assets is as follows:

	Consolidated	
	30 June 2005 $	31 December 2004 $
Tax effect of the above adjustments ((i) to (v))	410,177	0
Tax effect of equity raising costs	0	0
Decrease in deferred tax liability	410,177	0

(ii) Reconciliation of net profit after tax under AGAAP to that under AIFRS

		Consolidated	
		Year-ended 30 June 2005 $	Half-year ended 31 December 2004 $
Profit after tax as previously reported		860,200	44,470
Intangible Assets – Formation Costs	(i)	(1,100)	0
Intangible Assets – Development Costs	(ii)	(773,122)	0
Intangible Assets – Marketing Costs	(iii)	(594,133)	0
Fair value movement in investment properties	(iv)	1,086,926	0
Fitout lease incentive amortisation	(iv)	(105,989)	0
Rental income – Straight Line	(v)	154,621	1,564
Tax effect of formation costs written off	(i)	67,932	0
Tax effect of the above adjustments	(vi)	410,177	0
Profit after tax under AIFRS		1,105,512	46,034

(iii) Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under AIFRS and those previously presented under AGAAP.

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(f) Change in Accounting Policy

The Fund has elected to adopt AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement* applicable from 1 July 2005. In accordance with AASB 132 and AASB 139, the fair value of the effective portion of cash flow hedging instruments (interest rate swaps) has been recorded directly to equity as at 1 July 2005. Movements in the fair value of the effective portion of cash flow hedging instruments in the period to 31 December 2005 of $9,917 has been recorded directly to equity. In accordance with AASB132, issued units of $16,007,909 that were previously classified within equity have been reclassified as debt as at 1 July 2005.

2. SEGMENT REPORTING

The following table represents the revenues and profit information regarding business segments for the half-year periods ended 31 December 2005 and 31 December 2004.

	Property Development $	Property Investment $	Total $
31 December 2005			
Segment revenue	379,259	1,533,443	1,912,702
Segment result	(1,362,791)	1,932,410	569,620
31 December 2004			
Segment revenue	11,275	79,231	90,506
Segment result	8,259	37,775	46,034

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	6 months to 31 December 2005	Period to 31 December 2004
3. REVENUE AND EXPENSES	$	$
(a) Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity.		
(i) Revenue		
Rents and sub-lease rentals	1,496,539	65,852
Recoverable outgoings	114,412	987
Interest received	301,751	23,667
	1,912,702	90,506
(ii) Expenses		
Interest and finance charges paid or payable to :		
Other parties	555,936	31,913
Amortisation of Lease incentives (fitout)	178,708	0
Amortisation of borrowing costs	39,869	2,848
Expensing of development costs	2,156,668	0
	2,931,181	34,761
4. DISTRIBUTIONS / DIVIDENDS PAID AND PROPOSED		
Capital distributions on stapled securities		
(a) Capital distributions paid during the half-year (8% per annum per stapled security paid quarterly in arrears)	705,753	0
(b) Capital distributions proposed during the half-year (8% per annum per stapled security paid quarterly in arrears)	705,754	60,990
	1,411,507	60,990

5. SECURITIES ISSUED	Consolidated		Consolidated	
	31 December 2005 No. of Securities	31 December 2005 $	30 June 2005 No. of Securities	30 June 2005 $
Issue of shares in LDL3	35,000,000	17,218,110	35,000,000	17,218,110
Issue of units in LPT3	35,000,000	14,596,402	35,000,000	16,007,909
Issue of stapled securities in the Fund		31,814,512		33,226,019

During the period 1 July to 31 December 2005, nil stapled securities were issued by the Fund (21 December 2004 to 30 June 2005: 35,000,000).

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

6. INVESTMENT PROPERTIES HELD DIRECTLY AND INVENTORY

	Date Acquired	Cost & Additions to 31/12/05 $000	Book Value 31/12/05 $000	Latest Valuation $000	Date Last Valuation	Valuer Notes
99 Melbourne Street	21 December 2004	25,913	28,215	28,215	31 December 2005	(i)
London Woolstore	21 December 2004	42,027	41,433	51,358	8 November 2004	(ii)
Palm Beach Plaza	27 May 2005	11,599	11,599	12,615	28 October 2005	(iii)

(i) Fair value as assessed by the Directors of LCL in accordance with AASB 140.

(ii) As valued by LandMark White Brisbane Pty Ltd based on the gross realisation "as if complete" assessed through comparison with similar projects in the immediate and surrounding locality.

(iii) As valued by DTZ Australia (Gold Coast) based on a direct comparison method as well as the discounted cash flow development method.

7. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent liabilities or contingent assets as at 31 December 2005.

8. BUSINESS COMBINATIONS

Under AIFRS one of the Fund's entities is required to be a parent entity. LDL3 is recorded as the parent entity in these accounts to satisfy AIFRS requirements.

The Fund comprises LDL3 and LPT3. Shares issued in LDL3 are stapled to units issued in LPT3 and are treated as one security. The stapled securities are quoted and traded together on the BSX. The stapled securities cannot be traded or dealt with separately.

The two entities comprising the stapled group, remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

Notes to the Financial Statements (continued)
HALF-YEAR ENDED 31 DECEMBER 2005

9. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events of a material nature after the balance sheet date of 31 December 2005, to the date of this report.

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	6 months to 31 December 2005 $	Period to 31 December 2004 $
(a) Reconciliation of cash		
Cash at bank and on hand	8,730,678	9,855,415

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as detailed above.

There is no restriction on the use of cash.

11. EARNINGS PER SECURITY

	Consolidated	
	6 months to 31 December 2005	Period to 31 December 2004
Earnings per security (cents)	1.7	0.9

Directors' Declaration
HALF-YEAR ENDED 31 DECEMBER 2005

In accordance with a resolution of the Directors of Leyshon Developments No. 3 Limited and the Directors of Leyshon Corporation Limited as Trustee and Responsible Entity for Leyshon Property Trust No. 3, we state that:

In the opinion of the Directors:

(a) the financial statements and notes set out on pages 6 to 27:

(i) give a true and fair view of the financial position of the Fund as at 31 December 2005 and of its performance for the half-year ended on that date; and

(ii) comply with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board
Leyshon Developments No. 3 Limited
ABN 56 111 628 589

R. Bryan
Director
Brisbane, 16 March 2006

On behalf of the Board
Leyshon Corporation Limited as Trustee and
Responsible Entity for Leyshon Property Trust No. 3
ABN 50 090 257 480

G. McMahon
Director
Brisbane, 16 March 2006

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Leyshon Corporation Limited as Responsible Entity of Leyshon Property Trust No.3

In relation to our review of the financial report of Leyshon Property Trust No.3 for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R J Roach
Partner
16 March 2006

ERNST & YOUNG

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Independent review report to security holders of Leyshon Property Fund No.3

Scope

The financial report and directors' and trustee's responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Leyshon Developments No.3 Limited and the entities it controlled during the period ("The Fund"), and the directors' declaration for Leyshon Developments No.3 Limited and Leyshon Corporation Limited ass Trustee and Responsible Entity for the Leyshon Property Trust No.3, for the period ended 31 December 2005.

The directors of Leyshon Developments No.3 Limited and the directors of Leyshon Corporation Limited are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001* and trust deed. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the security holders of the fund, and in order for the fund to lodge the financial report with the Bendigo Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, trust deed, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of fund personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the fund, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of Leyshon Developments No.3 Limited and the directors of the trustee of Leyshon Property Trust No.3 a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Leyshon Developments No.3 Limited and the entities it controlled during the period is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the period ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

R J Roach
Partner
Brisbane
16 March 2006