

# **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Blue Tower Trust**  
**ARSN 109 093 852**

4 September 2006 at 1.00 pm

Level 1, 295 Elizabeth Street, Brisbane

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## Letter from the Chairman

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19 July 2006

Dear Blue Tower Trust Unitholder,

On behalf of the Directors of Leyshon Corporation Limited as trustee of Blue Tower Trust, we are pleased to provide you with a resolution associated with seeking Unitholder approval to a transaction involving the acquisition of units in Blue Tower Trust ('BTT').

The transaction concerns Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) ('Keats Group') potentially acquiring 5 million Blue Tower Trust units from current Blue Tower Trust Unitholders which will result in Keats Group having a unitholding in excess of 20%.

Due to a change in personal circumstances, two current Blue Tower Trust Unitholders wish to sell their holdings in Blue Tower Trust. Keats Group has agreed to acquire the units by way of call options as a demonstration of its support of the future of Blue Tower Trust.

Unitholder approval is required as Keats Group will hold greater than 20% of the Blue Tower Trust's total issued units if the proposed acquisitions proceed. This approval is required as the Corporations Act prohibits the acquiring of a 'relevant interest' in units if the person's voting power increases from a starting point from below 20% to more than 20%, unless the acquisition is approved by Unitholders at a general meeting.

Corporate law requires that an Independent Expert's Report is prepared on the fairness and reasonableness of the transaction. The Independent Expert's Report is included in Annexure 1 and concludes that the proposed acquisition is fair and reasonable to the non-associated Unitholders.

All Directors support the approval of this resolution. We therefore ask that you consider voting in favour of the resolution or that you send in a proxy form supporting a vote in favour.

Yours faithfully



Neil Summerson  
*Chairman*

Leyshon Corporation Limited  
as Trustee for  
Blue Tower Trust

# Notice of Extraordinary General Meeting

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Blue Tower Trust  
ARSN 109 093 852

Notice is given by Leyshon Corporation Limited ACN 090 257 480 as trustee of Blue Tower Trust ('Trustee') that an Extraordinary General Meeting of Blue Tower Trust ('Trust') will be held at 1.00 pm on 4 September 2006 at Level 1, 295 Elizabeth Street, Brisbane, Queensland.

## Agenda

### Special business

1. RESOLUTION 1 – APPROVAL FOR ACQUISITION OF OPTION UNITS BY KEATS GROUP PTY LTD (ACN 102 180 227) (AS TRUSTEE FOR THE GUY KEATS FAMILY TRUST)

For Unitholders to consider, and if thought fit, pass the following ordinary resolution:

*'That the acquisition of the Option Units by Keats Group Pty Ltd ACN 102 180 227 (as trustee for the Guy Keats Family Trust) be approved by Unitholders for all purposes including Item 7 of Section 611 of the Corporations Act.'*

#### Voting exclusions in relation to Resolution 1

In accordance with Item 7 of Section 611 of the Corporations Act, no votes may be cast on Resolution 1 by John Hendry, Prudence Hendry and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) or their respective Associates.

DATED this 19th day of July 2006

By Order of the Board of  
Leyshon Corporation Limited  
in its capacity as Trustee of the Trust



Christina Little  
Company Secretary

## NOTES

- (a) A Unitholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Unitholder of the Trust. A Unitholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Trust will require written proof of the representative's appointment which must be lodged with or presented to the Trustee before the meeting.
- (e) The Trustee has determined in accordance with Regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, Units will be taken to be held by those persons recorded in the Trust's register of Unitholders as at 1.00 pm on Saturday 2 September 2006.
- (f) If you have any queries on how to cast your votes please call Christina Little on (07) 3004 1250 during business hours.

# EXPLANATORY MEMORANDUM

**Blue Tower Trust**  
**ARSN 109 093 852**

## **General**

All financial amounts in this document are expressed in Australian dollars unless otherwise stated.

Terms and definitions used in the Notice of Extraordinary General Meeting and in this Explanatory Memorandum have the same meaning as in the following Glossary of Terms (unless otherwise indicated).

All Unitholders should read this Explanatory Memorandum in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolution to be put to all Unitholders of the Trust.

# **Explanatory Memorandum**

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Notice of Extraordinary General Meeting  
Blue Tower Trust ARSN 109 093 852

## **Glossary of Terms**

Terms and definitions used in the Notice of Extraordinary General Meeting and in this Explanatory Memorandum have the same meaning as in this Glossary of Terms, unless otherwise indicated.

**'ASIC'** means Australian Securities and Investments Commission;

**'Associate'** has the meaning given in the Corporations Act;

**'Bidder's Statement'** means the bidder's statement issued by the Fund in respect of the Takeover dated 19 July 2006, a copy of which is annexed as Annexure 2;

**'Blue Tower EGM'** means an extraordinary general meeting of Blue Tower Trust;

**'Business Day'** means a day or half-day that is not:

- (a) a Saturday or Sunday; or
- (b) a public holiday appointed pursuant to the Holidays Act 1983 (Qld) or another Act; or
- (c) a special holiday in Brisbane appointed pursuant to Holidays Act 1983 (Qld);

**'Call Options'** means the call options granted by the Grantors pursuant to the Call Option Deeds;

**'Call Option Deeds'** means each of:

- (a) the call option deed between Keats Group and John Hendry dated 31 May 2006 under which Keats Group was granted a call option to acquire 1.2 million Units from John Hendry;
- (b) the call option deed assigned to Keats Group on 14 July 2006 under which Keats Group has a call option to acquire a further 1.8 million Units from John Hendry;
- (c) the call option deed between Keats Group and Prudence Hendry dated 31 May 2006 under which Keats Group was granted a call option to acquire 800,000 Units from Prudence Hendry; and
- (d) the call option deed assigned to Keats Group on 14 July 2006 under which Keats Group has a call option to acquire a further 1.2 million Units from Prudence Hendry;

**'Completion'** means the sale and purchase of the Option Units pursuant to the Call Option Deeds;

**'Corporations Act'** means the Corporations Act 2001;

**'Director'** means a director of the Trustee;

**'Exercise Price'** means the price to be paid per Option Unit in accordance with clause 3 of the Call Option Deeds;

**'Explanatory Memorandum'** means this Explanatory Memorandum;

**'Fund'** means Leyshon Property Trust No. 3 and Leyshon Developments No. 3;

**'Grantors'** means John Hendry and Prudence Hendry;

**'Independent Expert'** means Ernst & Young Transaction Advisory Services Limited  
ACN 003 599 844;

**'Keats Group'** means Keats Group Pty Ltd ACN 102 180 227 (as trustee for the Guy Keats Family Trust);

**'Leyshon Corporation Limited'** means Leyshon Corporation Limited ACN 090 257 480;

‘**Leyshon Developments No. 3**’ means Leyshon Developments No. 3 Limited ACN 111 628 589;

‘**Leyshon Property Trust No. 3**’ means Leyshon Property Trust No. 3 ARSN 109 093 816;

‘**Listing Rules**’ means the listing rules of the Bendigo Stock Exchange Limited ACN 087 708 898;

‘**Notice of Extraordinary General Meeting**’ means the notice convening the Extraordinary General Meeting to which this Explanatory Memorandum relates;

‘**Option Period**’ means from 9am to 5pm on the Business Day following the Blue Tower EGM and in any event no later than 30 September 2006, or other date as agreed in writing by the parties under the Call Option Deeds;

‘**Option Units**’ means the 5 million Units that Keats Group may acquire from the Grantors pursuant to the Call Option Deeds;

‘**Other Rights**’ means any securities, relating to the Option Units, with rights of conversion into securities issued by the Trust at any time including any of the same as may now be on issue;

‘**Other Unitholders**’ means all the Unitholders other than Keats Group;

‘**person**’ and words signifying persons include individuals, firms, partnerships, bodies corporate, associations and governments and governmental, semi-governmental and local authorities and agencies;

‘**Relevant Interest**’ has the meaning given to that term in the Corporations Act;

‘**Takeover**’ means the off-market takeover bid for all of the Units in the Trust by the Fund, pursuant to the Bidder’s Statement dated 19 July 2006;

‘**Trust**’ means Blue Tower Trust ARSN 109 093 852;

‘**Trustee**’ means Leyshon Corporation Limited, the trustee of the Trust;

‘**Unit**’ means a unit in the Trust;

‘**Unitholders**’ means holders of Units in the Trust; and

‘**Voting Power**’ has the meaning given to that term in the Corporations Act.



## Special business

### 1. BACKGROUND

#### 1.1 The Call Options

The Grantors have granted Call Options under which Keats Group may acquire the Option Units from the Grantors pursuant to the Call Option Deeds.

Specifically:

- (a) on 31 May 2006, Keats Group was granted a call option by John Hendry under which Keats Group may acquire 1.2 million Units from John Hendry;
- (b) on 14 July 2006, Keats Group was assigned a call option under which Keats Group may acquire a further 1.8 million Units from John Hendry\*;
- (c) on 31 May 2006, Keats Group was granted a call option by Prudence Hendry under which Keats Group may acquire 800,000 Units from Prudence Hendry; and
- (d) on 14 July 2006, Keats Group was assigned a call option under which Keats Group may acquire a further 1.2 million Units from Prudence Hendry\*.

*\*These call options were originally entered into by Leyshon Operations Pty Ltd, an entity associated with Leyshon Corporation Limited on 31 May 2006. Upon assignment of these call options to Keats Group, Leyshon Operations Pty Ltd was released in all respects from its obligations under the relevant Call Option Deeds. Keats Group is not an Associate of Leyshon Corporation Limited.*

The transactions contemplated by the Call Option Deeds are summarised in Table 1.1.

Table 1.1 - Call Option Deeds:

Unitholders	John Hendry (may sell)	Prudence Hendry (may sell)	Total Units (that may be acquired)
Keats Group (may acquire)	3 million Units	2 million Units	5 million Units

Each Call Option Deed is on substantially the same terms.

The Call Options are not dependent on each other.

The grant and exercise of each Call Option is conditional on Unitholder approval of the acquisition of the Option Units by Keats Group, pursuant to Item 7 of Section 611 of the Corporations Act. The Exercise Price per Option Unit will be the value of the Trust's net assets as determined by the Trustee divided by the number of Units on issue. Each Call Option Deed anticipated that the value of the Trust's net assets would be calculated by the following method:

- (a) the value of the net assets of the Trust will be determined by the Directors of the Trustee and will be based on the independent valuation of the real property and liabilities of the Trust, calculated in accordance with generally acceptable accounting principles; and
- (b) the value of the Trust's real property is to be valued by independent valuation as at 1 June 2006.

Subsequently it has been determined that the Exercise Price per Option Unit is \$2.38. If the Call Options are exercised, John Hendry and Prudence Hendry will not be eligible to participate in the proposed return of capital of approximately 7 cents per Unit which will occur upon the Takeover (see section 1.2) becoming unconditional (or earlier at the discretion of the Directors). After the return of capital the value of a Unit will be \$2.31. Refer to section 8.2 of the Bidder's Statement for details of the return of capital and the value of Blue Tower Trust.

The total Exercise Price under the Call Options is summarised in Table 1.2.

**Table 1.2 - Exercise Price:**

Unitholders	John Hendry (may sell)	Prudence Hendry (may sell)	Total Price (that may be acquired)
Keats Group (may acquire)	\$7,140,000 (3 million Units)	\$4,760,000 (2 million Units)	\$11,900,000 (5 million Units)

Each Call Option Deed also provides that:

- (a) the Call Option may be exercised at any time during the Option Period by Keats Group in respect of all of the Option Units;
- (b) if Keats Group does not exercise the Call Option during the Option Period then the Call Option lapses;
- (c) if at any time prior to the exercise of the Call Option, the Trust reorganises the interests of Unitholders, the rights of Keats Group would be adjusted so that the Grantor will receive the same benefit, on exercising the Call Option, that other holders of Units of the same class held by the Grantor receive;
- (d) completion is to occur on the date which is two Business Days after the Blue Tower EGM;
- (e) neither party may assign the Call Option without the prior written consent of the other, which consent may not be unreasonably withheld; and
- (f) time is of the essence.

## **1.2 The Takeover**

The Fund has announced an off-market Takeover for all of the units in Blue Tower Trust. Further, the Fund has called a meeting of its stapled security holders on 4 September 2006 to resolve to, amongst other things, approve the Takeover.

The Bidder's Statement in Annexure 2 sets out full details of the Takeover.

If the Takeover is successful, then Leyshon Property Trust No. 3 will own the issued Units in Blue Tower Trust.

## 2. RESOLUTION 1 – APPROVAL FOR THE ACQUISITION OF OPTION UNITS

### 2.1 Requirements of Corporations Act

Keats Group presently holds less than 20% of the Units of the Trust.

Under Section 606(1) of the Corporations Act, a person is prohibited from acquiring a Relevant Interest in Units if:

- (a) the person acquiring the Relevant Interest does so through a transaction in relation to Units entered into by or on behalf of the person; and
- (b) because of the transaction, that person's Voting Power, or someone else's Voting Power, in the Trust increases:
  - (i) from 20% or below to more than 20%; or
  - (ii) from a starting point that is above 20% and below 90%.

Furthermore, under section 606(2) of the Corporations Act, a person is prohibited from acquiring a legal or equitable interest in Units, if because of the acquisition:

- (a) another person acquires a Relevant Interest in Units; and
- (b) someone's Voting Power in the Trust increases:
  - (i) from 20% or below to more than 20%; or
  - (ii) from a starting point that is above 20% and below 90%.

Section 608 of the Corporations Act describes certain persons who are deemed to have a Relevant Interest in securities of a body corporate. Associates are persons or entities who come within the scope of Section 608 of the Corporations Act as being deemed to have a Relevant Interest in the Units upon their acquisition. For example where a subsidiary company acquires units, the parent company becomes an associate through the ability of the parent company to control the subsidiary company.

The acquisition of Option Units will constitute the acquisition by Keats Group and its Associates of a Relevant Interest in Units in breach of Section 606(1) of the Corporations Act unless the acquisition is approved by Unitholders.

Table 2 shows the maximum possible Voting Power that Keats Group and its Associates may have as a result of the proposed acquisitions.

It assumes that Keats Group exercises all the Call Options to acquire Option Units.

**Table 2.1 – Item 7 of Section 611 Approval for Acquisition of Call Option Units:**

Unitholder	Voting Power as at date of this Notice	Maximum Voting Power when Option Units acquired	Associate's Total Maximum Voting Power	Total Maximum Voting Power when Option Units acquired
Keats Group acquires all Option Units.	16.67%	33.33%	Nil	33.33%

### 2.2 Exemption

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibitions in Section 606(1) of the Corporations Act, namely where the Unitholders at a general meeting approve the acquisition of the Relevant Interest in the Units of the Trust. If Resolution 1 is passed, then this exception will apply.

Resolution 1 is accordingly proposed to Unitholders.

## 2.3 Information required by Law

The Corporations Act and ASIC Policy Statement 74 require certain information to be provided to Unitholders when seeking approval under Item 7 of Section 611. This information is set out below.

### **Identity of Unitholder proposing to acquire the Relevant Interest and their Associates that acquire a Relevant Interest**

The relevant Unitholder is Keats Group.

### **Impact upon Voting Power**

Table 2 shows the maximum extent of the increase in Voting Power that is possible for Keats Group and its Associates if the Call Options are exercised.

### **Statement of intention regarding future of the Trust**

Keats Group has the following intentions regarding the future of Trust:

- (a) with respect to any intention to change the business of the Trust;
  - nil
- (b) with respect to any intention to inject further capital into the Trust;
  - nil
- (c) with respect to any proposals for 'related party' transfers of property;
  - nil
- (d) with respect to the future employment of the present employees of the Trust;
  - nil, as the Trust has no employees
- (e) with respect to any intentions or otherwise regarding the fixed assets of the Trust;
  - nil
- (f) with respect to any intention to change significantly the financial or dividend policy of the Trust; and
  - nil
- (g) with respect to any intention for any person to become a Director of the Trustee;
  - nil.

### **Particulars of terms of proposed acquisition and any other contracts conditional upon approval**

The terms of the Call Option Deeds are summarised in section 1.

### **When acquisition is to be made**

The timing of the acquisition of Call Option Units is summarised in section 1.

### **Explanation of reasons for the proposed acquisition**

The Trustee believes that:

- (a) due to a change in personal circumstances, the Grantors wish to realise their respective investments in Blue Tower Trust; and
- (b) Keats Group, the second largest Unitholder of the Trust, has agreed to acquire the Option Units as a demonstration of its support of the future of the Trust.

## 2.4 Independent Expert's Report

ASIC Policy Statement 74 requires there to be an independent expert's report on whether or not the proposed acquisition of Option Units by Keats Group is fair and reasonable to the Other Unitholders.

The Independent Expert's Report has been prepared by Ernst & Young Transaction Advisory Services Limited and is included in Annexure 1. The Independent Expert's Report concludes that the acquisition of Option Units by Keats Group is fair and reasonable to the Other Unitholders. All Unitholders should read the Independent Expert's Report in full.

## **2.5 The Proposed Resolution**

Resolution 1 is set out in the Notice of Extraordinary General Meeting.

## **2.6 Directors' Recommendations**

This section has been prepared by the Directors to comment on Resolution 1 and the effect of its passing.

Each Director approves this Explanatory Memorandum and the proposal to put Resolution 1 to Unitholders. Each Director considers that the acquisition of Option Units by Keats Group and its Associates is in the best interests of the Trust and recommends the Unitholders vote in favour of Resolution 1.

Unitholders' attention is specifically drawn to the Independent Expert's Report which concludes that the proposal that the Option Units be acquired by Keats Group and its Associates is fair and reasonable to the Other Unitholders of the Trust.

Unitholders should also note that all Directors intend to vote in favour of Resolution 1 in relation to Units over which they control Voting Power.

In accordance with Item 7 of Section 611 of the Corporations Act, no votes may be cast on Resolution 1 by the Grantors, Keats Group or any of its Associates.

## Annexure 1 - Independent Expert's Report

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A copy of the Independent Expert's Report is enclosed with this Notice of Extraordinary General Meeting if not annexed.

## Annexure 2 - Bidder's Statement

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A copy of the Bidder's Statement is enclosed with this Notice of Extraordinary General Meeting if not annexed.

# Proxy Form

BLUE TOWER TRUST  
ARSN 109 093 852

PLEASE COMPLETE IN BLACK INK

## UNITHOLDER/S NAME/S AND ADDRESS/ES

Name/s: .....

Address/es: .....

I/we appoint as my/our proxy the person/s named below at the Extraordinary General Meeting of Blue Tower Trust to be held at Level 1, 295 Elizabeth Street, Brisbane on 4 September 2006 at 1.00 pm (Brisbane time).

### Appointment of Proxy

**Box A**

I/we appoint .....

☐

as my/our proxy *or* failing him/her the Chairman to exercise my/our votes for me/us on my/our behalf.

**OR**

### Appointment of Chairman as Proxy

**Box B**

I/we appoint the Chairman to exercise all of my/our votes for me/us on my/our behalf as my/our proxy.

☐

By ticking Box B, you acknowledge that if you have not directed the Chairman how to vote below, the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution(s). This is so even if other votes cast by the Chairman in his own or another capacity will be disregarded because of that interest.

The Chairman intends to vote in favour of the resolution with respect to all undirected proxies given to him.

## DIRECTING YOUR PROXY HOW TO VOTE

I/we direct my/our proxy to vote in the following manner:

No	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval for acquisition of Option Units by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)			

### INDIVIDUALS TO SIGN

\_\_\_\_\_

\_\_\_\_\_

### EXECUTION BY ATTORNEY

\_\_\_\_\_  
(insert name of attorney)

\_\_\_\_\_  
(attorney to sign here) as attorney for

\_\_\_\_\_  
(insert name of individual or company) in accordance with the company's constitution and the Corporations Act 2001. The authority or a certified copy of the authority under which the appointment is signed must be attached.

### COMPANIES TO SIGN

Executed in accordance with the company's constitution

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary *OR*

\_\_\_\_\_  
Sole Director and Sole Company Secretary

(Affix seal if required)

DATED...../...../2006



## NOTES FOR COMPLETION OF PROXY FORM

BLUE TOWER TRUST  
ARSN 109 093 852

### APPOINTMENT OF PROXY (see *Proxy Form*)

- To appoint a single proxy - tick BOX A, complete name of proxy and sign Proxy Form; OR
- To appoint the Chairman - tick BOX B and sign Proxy Form

A proxy appointed to attend and vote for a Unitholder has the same rights as the Unitholder to vote (to the extent allowed by this appointment) and to join in the demand for a poll.

If you mark the abstention box for a particular item, you are directing your proxy not to vote on a show of hands or on a poll and your Units will not be counted in computing the required majority on a poll.

*(To appoint 2 proxies to exercise a specified proportion of your votes - see below)*

### HOW TO SIGN PROXY FORM

- The Proxy Form must be signed by the Unitholder or by the Unitholder's attorney. If a joint holding then either Unitholder may sign.
- If the Proxy Form is signed by a person who is not the registered Unitholder, then the relevant authority or a certified copy should either have been lodged previously with the Trustee, Leyshon Corporation Limited or be enclosed with this Proxy Form. If sent by fax then the authority must be certified.
- If the Unitholder is a corporation, the Proxy Form must be signed in accordance with its constitution and the Corporations Act 2001, or under the hand of an authorised officer or attorney who has not received any notice of revocation. A person intending to vote Units held in the name of a corporation MUST bring a properly executed authority from the corporation in favour of the person attending.

### DEADLINE FOR RECEIPT OF PROXIES

This Proxy Form must be lodged with the Trustee before 1.00 pm (Brisbane time) on Saturday, 2 September 2006, i.e. not less than 48 hours before the time for holding the meeting by:

- mailing your Proxy Form to the Trustee, Leyshon Corporation Limited at GPO Box 3119, Brisbane, Qld 4001; OR
- depositing your Proxy Form with the Trustee, Leyshon Corporation Limited at its registered office at Level 1, 295 Elizabeth Street, Brisbane, Qld 4000; OR
- faxing your Proxy Form to 07 3003 0122.

Please bring this Proxy Form with you to the meeting to enable us to process your registration efficiently. Registration will commence at 12.30 pm on 4 September 2006.

#### APPOINTMENT OF TWO PROXIES

*(If you are entitled to cast two or more votes at the meeting, you may appoint two proxies instead of a single proxy)*

**(If you wish to appoint two proxies then complete below and note details for Appointment of Proxy on Proxy Form)**

I/we appoint .....

*(Insert name of first proxy)*

to exercise *(state number or proportion)* .....

of my/our votes for me/us at the Extraordinary General Meeting **AND**

I/we appoint .....

*(Insert name of second proxy)*

to exercise *(state number or proportion)* .....

of my/our votes for me/us at the Extraordinary General Meeting **OR**

failing one or both of my first and second proxies, then the Chairman to exercise my/our votes for me/us in respect of the number or proportion of my/our units allocated to the absent proxy/s, as set out above.

**Note:** *If you appoint two proxies and do not specify the number or proportion of votes each proxy may exercise, then each will be entitled to exercise half of your votes (with fractions being disregarded.)*