



## Annexure 3A

### BSX Listing Rules

### Yearly Disclosure

#### References

Version 1, Operative 23/8/2000

#### Chapter 3, BSX Listing Rules

Blue Tower Trust

Name of entity

109 093 852 (ARSN)

ABN, ACN or ARBN

Half yearly (tick)

Annual (tick)

☐  
☒

1 July 2005 to 30 June 2006

Financial year ended  
30 June 2006

#### Summary

				\$A,000
Sales revenue or operating revenue	Down	49.4 %	to	29,915
Profit (loss) before abnormal items and after tax	Down	63.1 %	to	17,470
Abnormal items before tax		gain (loss) of		-
Profit (loss) after tax but before outside equity interests	Down	63.1 %	to	17,470
Extraordinary items after tax attributable to members		gain (loss) of		-
Profit (loss) for the period attributable to members	Down	63.1 %	to	17,470

Capital distributions	Franking rate applicable	Nil
Current period	Final Interim	Refer to Annexure A (1) Refer to Annexure A (1)
Previous corresponding period	Final Interim	Refer to Annexure A (1) Refer to Annexure A (1)
Record date for determining entitlements to the dividend, (in the case of a trust distribution)		30 June 2006

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

None noted

**Annexure 3A**  
**Yearly Disclosure**

**Consolidated profit and loss account**

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	29,915	59,127
Expenses from ordinary activities	(4,693)	(4,283)
Borrowing costs	(7,752)	(7,529)
Share of net profit (loss) of associates and joint venture entities	-	-
Profit (loss) from ordinary activities before tax	17,470	47,315
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	17,470	47,315
Outside equity interests	-	-
Profit (loss) from ordinary activities after tax attributable to members	17,470	47,315
Profit (loss) from extraordinary activities after tax attributable to members	-	-
Profit (loss) for the period attributable to members	17,470	47,315
Retained profits (accumulated losses) at the beginning of the financial period	48,038	723
Recognition of cash flow hedge derivative	(1,480)	-
Net transfers to and from reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends paid or payable	-	-
Retained profits (accumulated losses) at end of financial period	64,028	48,038

**Profit restated to exclude amortisation of goodwill**

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	17,470	47,315
Less (plus) outside equity interests	-	-
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	17,470	47,315

## Annexure 3A Yearly Disclosure

### Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Details of revenue and expenses		
<u>Revenue</u>		
Rents and sub-lease rentals	13,800	12,787
Outgoings recovered	1,387	1,153
Interest	28	61
Revaluation increment on investment property	13,125	45,126
Fair value changes in derivatives	1,575	0
<u>Expense</u>		
Borrowing Expenses	(7,752)	(7,529)
Air-conditioning	(480)	(358)
Asset Management Fees	(802)	(600)
Guarantee Fees	(42)	(100)
Insurance	(201)	(162)
Land Tax	(197)	(225)
Leasing Expenses	(149)	(44)
Lift Expenses	(293)	(295)
Property Management Fees	(220)	(154)
Rates	(631)	(623)
Recoverable Outgoings	(851)	(804)
Repairs and Maintenance	(178)	(353)
Security	(151)	(123)
Other	(498)	(442)

### Intangible and extraordinary items

	Consolidated - current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill	-	-	-
Amortisation of other intangibles	-	-	-
<b>Total amortisation of intangibles</b>	-	-	-
Extraordinary items (details)	-	-	-
<b>Total extraordinary items</b>	-	-	-

### Comparison of half year profits

(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	10,381	486
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	7,089	46,829

## Annexure 3A Yearly Disclosure

### Consolidated balance sheet

Current assets	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Cash	1,464	928	871
Receivable	2,808	1,610	2,237
Investments	-	-	-
Inventories	-	-	-
Other (provide details if material)	236	274	567
<b>Total current assets</b>	<b>4,508</b>	<b>2,812</b>	<b>3,675</b>
<b>Non-current assets</b>			
Receivables	-	-	-
Investments	180,036	165,764	175,564
Lease fitout incentives	841	891	847
Other property, plant and equipment (net)	-	-	-
Intangibles (net)	-	-	-
Other (provide details if material)	984	740	792
<b>Total non-current assets</b>	<b>181,861</b>	<b>167,395</b>	<b>177,203</b>
<b>Total assets</b>	<b>186,369</b>	<b>170,207</b>	<b>180,878</b>
<b>Current liabilities *</b>			
Accounts payable	2,062	2,070	1,885
Borrowings	-	600	376
Provisions	-	-	-
Other (provide details if material)	-	-	-
<b>Total current liabilities *</b>	<b>2,062</b>	<b>2,670</b>	<b>2,261</b>
<b>Non-current liabilities *</b>			
Accounts payable	-	-	1
Borrowings	95,061	92,481	94,287
Provisions	-	-	1,085
Other (provide details if material)	-	-	-
<b>Total non-current liabilities *</b>	<b>95,061</b>	<b>92,481</b>	<b>95,373</b>
<b>Total liabilities *</b>	<b>97,123</b>	<b>95,151</b>	<b>97,634</b>
<b>Net assets</b>	<b>89,246</b>	<b>75,056</b>	<b>83,244</b>
<b>Equity</b>			
Capital	25,218	27,018	26,111
Reserves	0	-	(1,085)
Retained profits (accumulated losses)	64,028	48,038	58,218
Equity attributable to members of the parent entity	-	-	-
Outside equity interests in controlled entities	-	-	-
<b>Total equity</b>	<b>89,246</b>	<b>75,056</b>	<b>83,244</b>
Preference capital and related premium included	-	-	

\* Excluding net assets attributable to unitholders - 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, are recognised as a liability.

**Annexure 3A**  
**Yearly Disclosure**

**Consolidated statement of cash flows**

Cash flows related to operating activities	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	13,081	12,819
Payments to suppliers and employees	(4,209)	(5,659)
Dividends received	-	-
Interest and other items of similar nature received	28	62
Interest and other costs of finance paid	(7,122)	(7,088)
Income taxes paid	-	-
Other (provide details if material)	48	-
<b>Net operating cash flows</b>	<b>1,826</b>	<b>134</b>
<b>Cash flows related to investing activities</b>		
Payments for purchases of property, plant and equipment	-	-
Proceeds from sale of property, plant and equipment	-	-
Payment for purchases of equity investments	-	-
Proceeds from sale of equity investments	-	-
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (Additions to investment properties)	(1,147)	(1,574)
Other (Additions to lease fitout incentives)	(44)	-
<b>Net investing cash flows</b>	<b>(1,191)</b>	<b>(1,574)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of securities (shares, options, etc.)	-	-
Proceeds from borrowings	4,501	600
Repayment of borrowings	(2,800)	-
Dividends paid	-	-
Other (Payment of unit issue costs)	-	(61)
Other (Payment of Capital distributions to unit holders)	(1,800)	(1,774)
<b>Net financing cash flows</b>	<b>(99)</b>	<b>(1,235)</b>
<b>Net increase (decrease) in cash held</b>	<b>536</b>	<b>(2,675)</b>
Cash at beginning of period	928	3,603
Exchange rate adjustments	-	-
<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,464</b>	<b>928</b>

## Annexure 3A Yearly Disclosure

### Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Not applicable

### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	1,464	928
Deposits at call	-	-
Bank overdraft	-	-
Other (provide details)	-	-
Total cash at end of period	1,464	928

### Ratios

	Current period	Previous corresponding period
<b>Profit before tax/sales</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	61.6%	80.0%
<b>Profit after tax/equity interests</b>		
Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	19.6%	63.0%

### Earnings per security (EPS)

	Current period	Previous corresponding period
Calculation of basic, and fully diluted, EPS in accordance with AASB 133: Earnings per Share		
(a) Basic EPS	58.2c *	157.7c
(b) Diluted EPS (if materially different from (a))	58.2c *	157.7c

\* 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, are recognised as a liability. The Trust has elected to include the unit capital within the EPU calculation to provide more complete information.

### NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$2.97	\$2.50

**Annexure 3A**  
**Yearly Disclosure**

**Details of specific receipts/outlays, revenues/expenses**

	Current period A\$'000	Previous corresponding period \$A'000
Interest revenue included	28	61
Interest revenue included but not yet received (if material)	-	-
Interest costs excluded from borrowing costs capitalised in asset values	(7,045)	(7,083)
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
Depreciation (excluding amortisation of intangibles)	-	-
Other specific relevant items	-	-

**Control gained over entities having material effect**

Name of entity

Not applicable

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired

Not applicable

Date from which such profit has been calculated

Not applicable

Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period

Not applicable

**Loss of control of entities having material effect**

Name of entity

Not applicable

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control

Not applicable

Date from which the profit (loss) has been calculated

Not applicable

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period

Not applicable

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

Not applicable

## Annexure 3A Yearly Disclosure

### Reports for industry and geographical segments

#### Segments

Operating Revenue			29,915
Sales to customers outside the economic entity			-
Inter-segment sales			-
Unallocated revenue			-
Total revenue			29,915
Segment result			17,470
Unallocated expenses			-
Consolidated profit from ordinary activities after tax (before equity accounting)			17,470
Segment assets	186,369	170,207	<i>Comparative data for segment assets should be as at the end of the previous corresponding period</i>
Unallocated assets	-	-	
Total assets	186,369	170,207	

#### Capital distributions

Date the capital distribution is payable

Refer to Annexure A (1)

Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

Refer to Annexure A (1)

#### Amount per security

		Franking rate applicable	%	%	%
<i>(annual report only)</i>					
<b>Final capital distribution:</b>	Current year	Refer to Annexure A (1)	N/A	¢	N/A
	Previous year	Refer to Annexure A (1)	N/A	¢	N/A
<hr/>					
<i>(Half yearly and annual statements)</i>					
<b>Interim capital distribution:</b>	Current year	Refer to Annexure A (1)	N/A	¢	N/A
	Previous year	Refer to Annexure A (1)	N/A	¢	N/A



## Annexure 3A Yearly Disclosure

### Total annual capital distributions per security

(Annual statement only)

	Current year	Previous year
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	Not Applicable	Not Applicable

### Total capital distributions

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	Not Applicable	Not Applicable
<b>Total</b>	Refer to Annexure A (1)	Refer to Annexure A (1)

### Annual report – capital distributions on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	Not Applicable	Not Applicable
<b>Total</b>	Refer to Annexure A (1)	Refer to Annexure A (1)

The dividend or distribution plans shown below are in operation.

A final capital distribution was declared for the year ended 30 June 2005 of 1.5 cents per unit in respect of the quarter ended 30 June 2005 and was paid on 20 July 2005.

Capital Distributions to unitholders during the year were paid quarterly including a distribution of 1.5 cents per unit paid on 24 October 2005 in respect of the quarter ended 30 September 2005, a distribution of 1.5 cents per unit paid on 19 January 2006 in respect of the quarter ended 31 December 2005, and a distribution of 1.5 cents per unit paid on 27 April 2006 in respect of the quarter ended 31 March 2006.

A final distribution was declared for the year ended 30 June 2006 of 1.5 cents per unit in respect of the quarter ended 30 June 2006 and was paid on 31 July 2006.

The last date(s) for receipt of election notices to the dividend or distribution plans

30 June 2006

Any other disclosures in relation to dividends (distributions)

None noted

**Annexure 3A**  
**Yearly Disclosure**

**Equity accounted associated entities and other material interests**

*Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice.*

<b>Entities share of:</b>	<b>Current period A\$'000</b>	<b>Previous corresponding period A\$'000</b>
Profit (loss) from ordinary activities before tax.	Not applicable	Not applicable
Income tax		
Profit (loss) from ordinary activities after tax	Not applicable	Not applicable
Extraordinary items net of tax		
Net profit (loss)	Not applicable	Not applicable
Outside equity interests		
Net profit (loss) attributable to members	Not applicable	Not applicable

**Material interests in entities which are not controlled entities**

*The entity has an interest (that is material to it) in the following entities.*

<b>Name of entity</b>	<b>Percentage of ownership interest held at end of period or date of disposal</b>		<b>Contribution to profit (loss) from ordinary activities and extraordinary items after tax</b>	
<b>Equity accounted associates and joint venture entities</b>	<b>Current period</b>	<b>Previous corresponding period</b>	<b>Current period \$A'000</b>	<b>Previous corresponding period \$A'000</b>
	Not applicable	Not applicable	Not applicable	Not applicable
<b>Total</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Other material interests</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Total</b>	Not applicable	Not applicable	Not applicable	Not applicable

**Annexure 3A**  
**Yearly Disclosure**

**Issued and listed securities**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

Category of securities	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
<b>Preference securities</b> <i>(description)</i>	-	-	-	-
Changes during current period	-	-	-	-
<b>Ordinary securities</b>	30,000,000	30,000,000	\$1.00	\$1.00
Changes during current period	-	-	-	-
<b>Convertible debt securities</b> <i>(description and conversion factor)</i>	-	-	-	-
Changes during current period	-	-	-	-
			Exercise price	Expiry date
<b>Options</b> <i>(description and conversion factor)</i>	-	-	-	-
Changes during current period	-	-	-	-
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-
<b>Debentures</b>	-	-		
<b>Unsecured Notes</b>	-	-		

**Annexure 3A**  
**Yearly Disclosure**

**Discontinuing Operations**

**Consolidated profit and loss account**

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue	N/a	N/a	N/a	N/a	N/a	N/a
Other revenue	N/a	N/a	N/a	N/a	N/a	N/a
Expenses from ordinary activities	N/a	N/a	N/a	N/a	N/a	N/a
Profit (loss) before tax	N/a	N/a	N/a	N/a	N/a	N/a
Less tax	N/a	N/a	N/a	N/a	N/a	N/a
Profit (loss) from ordinary activities after tax	N/a	N/a	N/a	N/a	N/a	N/a

**Consolidated statement of cash flows**

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows	N/a	N/a	N/a	N/a	N/a	N/a
Net investing cash flows	N/a	N/a	N/a	N/a	N/a	N/a
Net financing cash flows	N/a	N/a	N/a	N/a	N/a	N/a

## Annexure 3A Yearly Disclosure

### Other disclosures

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:	N/a	N/a
- total assets		
- total liabilities	N/a	N/a
Profit (loss) on disposal of assets or settlement of liabilities	N/a	N/a
Related tax		
Net profit (loss) on discontinuance	N/a	N/a

### Description of disposals

Not applicable

**Comments by directors**

**Basis of accounts preparation**

*If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.*

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

Nil

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

**Extraordinary General Meeting**

On 19 July 2006, a Notice of Extraordinary General Meeting ('EGM') and Explanatory Memorandum was despatched to the unitholders of the Trust. The EGM was held on 4 September 2006 and approved the acquisition of units in the Trust by an existing unitholder which will result in that unitholder owning in excess of 20% of the units of the Trust.

**Blue Tower Trust Takeover Bid**

On 19 July 2006, Leyshon Property Fund No. 3 ('LPF3') announced a Takeover bid for all of the issued units in Blue Tower Trust.

LPF3 is offering 2.1846 Stapled Securities for every unit in Blue Tower Trust whereby the total value of the stapled securities issued for the Takeover of Blue Tower Trust will equate to the total value of the units in Blue Tower Trust.

An Asset Management Fee totalling \$17,663,269 will be payable to the Trust's Asset Managers (Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd) in the event that LPF3's takeover bid for all of the units in BTT becomes unconditional. In accordance with AIFRS, this amount has not been reflected in the Trust's liabilities or expenses for the period ended 30 June 2006.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in the reports or the accounts that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial years.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Nil

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

Refer Annexure A(2)

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

An Asset Management fee totalling \$17,663,269 will be payable to the Trust's Asset Managers (Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd) in the event that LPF3's Takeover bid for all of the units in BTT becomes unconditional. In accordance with AIFRS this amount has not been reflected in the Trust's liabilities or expenses for the period ended 30 June 2006.

**Additional disclosure for trusts**

Number of units held by the management company or responsible entity to their related parties.

Responsible Entity

- Leyshon Corporation Limited Nil

Management Company

- Leyshon Operations Pty Ltd 5,890,000 units

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges

Leyshon Operations Pty Ltd - Nil  
Australian and Asia/Pacific Institute of Property Auditors Pty Ltd (AAPIPA) – Nil

- Management fees

Leyshon Operations Pty Ltd - \$400,896  
AAPIPA - \$400,896  
Leyshon Corporation Limited - \$194,000 (mgmt fees) and \$294,876 (leasing fees)

**Annual meeting**

*(Annual statement only)*

The annual meeting will be held as follows:

Place

Not applicable

Date

Not applicable

Time

Not applicable

Approximate date the annual report will be available

30 September 2006

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are/are not\* (*delete one*) followed as compared with the most recent annual accounts.
- 4 This statement does/does not\* (*delete one*) give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:  
  
(*Tick one*)  
  
The financial statements have been audited.  
  
The financial statements have been subject to review by a registered auditor (or overseas equivalent).  
  
☒ The financial statements are in the process of being audited or subject to review.  
  
The financial statements have *not* yet been audited or reviewed.
- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*).
- 7 The entity has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Sign here:

  
.....  
(~~Director~~/Company secretary)

Date: ....13 September 2006..

Print name:

CHRISTINA LITTLE.....



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**Notes**

**True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

**Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

**Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

**BLUE TOWER TRUST**

**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (1)**

**For the Year Ended 30 June 2006**

**30 June 2006**

<b><u>Capital Distribution Paid</u></b>	<b><u>Amount Paid</u></b>	<b><u>Rate Per Annum</u></b>
September 2005	\$ 453,698.63	6%
December 2005	\$ 453,698.63	6%
March 2006	\$ 443,835.62	6%
June 2006	\$ 448,767.12	6%
	<u>\$1,800,000.00</u>	

**30 June 2005**

<b><u>Capital Distribution Paid</u></b>	<b><u>Amount Paid</u></b>	<b><u>Rate Per Annum</u></b>
September 2004	\$ 453,698.63	6%
December 2004	\$ 453,698.63	6%
March 2005	\$ 443,835.62	6%
June 2005	\$ 448,767.12	6%
	<u>\$1,800,000.00</u>	

## **BLUE TOWER TRUST**

### **BSX LISTING RULES – ANNEXURE 3A**

#### **ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

#### **TRANSITION TO AIFRS**

For all periods up to and including the year ended 30 June 2005, the Trust prepared its financial statements in accordance with Australian Generally Accepted Accounting Principles ('AGAAP'). These financial statements for the year ended 30 June 2006 are the first the Trust is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRS').

Accordingly, the Trust has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in Note 2. In preparing these financial statements, the Trust has started from an opening balance sheet as at 1 July 2004, the Trust's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time adoption of AIFRS*.

This Note explains the principal adjustments made by the Trust in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

The Trust has taken the following exemptions:

- Comparative information for financial instruments is prepared in accordance with AGAAP and the Trust has adopted AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

#### *Explanation of material adjustments to the cash flow statement*

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

**BLUE TOWER TRUST**  
**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

	Note	AGAAP \$	AIFRS Impact \$	AIFRS \$
<b>Balance Sheet reflecting reconciliation of adjustments to AIFRS as at 1 July 2004</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		3,603,171	0	3,603,171
Trade and other receivables		357,180	333,110	690,290
Other		86,315	0	86,315
<b>Total Current Assets</b>		<b>4,046,666</b>	<b>333,110</b>	<b>4,379,776</b>
<b>Non-Current Assets</b>				
Property investments held directly	<i>a</i>	119,886,271	113,729	120,000,000
Other	<i>b, c</i>	1,797,023	(1,797,023)	0
<b>Total Non-Current Assets</b>		<b>121,683,294</b>	<b>(1,683,294)</b>	<b>120,000,000</b>
<b>TOTAL ASSETS</b>		<b>125,729,960</b>	<b>(1,350,184)</b>	<b>124,379,776</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		2,618,805	0	2,618,805
<b>Total Current Liabilities</b>		<b>2,618,805</b>	<b>0</b>	<b>2,618,805</b>
<b>Non-Current Liabilities</b>				
Interest bearing loans and borrowings	<i>c</i>	93,700,000	(1,540,567)	92,159,433
<b>Total Non-Current Liabilities</b>		<b>93,700,000</b>	<b>(1,540,567)</b>	<b>92,159,433</b>
<b>TOTAL LIABILITIES</b>		<b>96,318,805</b>	<b>(1,540,567)</b>	<b>94,778,238</b>
<b>NET ASSETS</b>		<b>29,411,155</b>	<b>190,383</b>	<b>29,601,538</b>
<b>EQUITY</b>				
Units issued		28,879,234	0	28,879,234
Undistributed earnings		531,921	190,383	722,304
<i>Breakdown of impact on retained earnings</i>				
Revaluation increment on investment property	<i>a</i>		113,729	
Intangible assets written off	<i>b</i>		(256,456)	
Straight-line rent adjustment	<i>d</i>		333,110	
<b>TOTAL EQUITY</b>		<b>29,411,155</b>	<b>190,383</b>	<b>29,601,538</b>

**BLUE TOWER TRUST**  
**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

**Balance Sheet reflecting reconciliation of adjustments to AIFRS as at 30 June 2005**

**ASSETS**

**Current Assets**

Cash and cash equivalents		927,918	0	927,918
Trade and other receivables	<i>d</i>	723,304	886,336	1,609,640
Other		273,605	0	273,605

**Total Current Assets**

1,924,827      886,336      2,811,163

**Non-Current Assets**

Property investments held directly	<i>a</i>	151,220,000	14,544,471	165,764,471
Lease fitout incentives	<i>e</i>	0	891,332	891,332
Other	<i>b, c</i>	2,160,667	(1,421,088)	739,579

**Total Non-Current Assets**

153,380,667      14,014,715      167,395,382

**TOTAL ASSETS**

155,305,494      14,901,051      170,206,545

**LIABILITIES**

**Current Liabilities**

Trade and other payables		2,070,249	0	2,070,249
Interest bearing loans and borrowings		600,000	0	600,000

**Total Current Liabilities**

2,670,249      0      2,670,249

**Non-Current Liabilities**

Interest bearing loans and borrowings	<i>c</i>	93,700,000	(1,219,390)	92,480,610
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**Total Non-Current Liabilities**

93,700,000      (1,219,390)      92,480,610

**TOTAL LIABILITIES**

96,370,249      (1,219,390)      95,150,859

**NET ASSETS**

58,935,245      16,120,441      75,055,686

**EQUITY**

Units issued		27,017,904	0	27,017,904
Asset Revaluation Reserve	<i>a</i>	29,759,628	(29,759,628)	0
Undistributed earnings		2,157,713	45,880,069	48,037,782

*Breakdown of impact on retained earnings*

Revaluation increment on investment property	<i>a</i>		45,239,629	
Straight-line rent adjustment	<i>d</i>		886,336	
Intangible assets written off	<i>b</i>		(201,698)	
Lease fitout incentive amortisation	<i>e</i>		(44,198)	

**TOTAL EQUITY**

58,935,245      16,120,441      75,055,686

**BLUE TOWER TRUST**

**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

	Note	AGAAP \$	AIFRS Impact \$	AIFRS \$
<b>Income Statement FOR THE YEAR ENDED 30 JUNE 2005 .</b>				
Rental revenue	<i>d,e</i>	13,430,612	509,028	13,939,640
Interest revenue		61,653	0	61,653
<b>Revenue</b>		<b>13,492,265</b>	<b>509,028</b>	<b>14,001,293</b>
Revaluation increment on investment property	<i>a</i>	0	45,125,901	45,125,901
Air-conditioning expenses		(358,484)	0	(358,484)
Amortisation expenses	<i>b</i>	(54,757)	54,757	0
Asset management fees		(600,000)	0	(600,000)
Borrowing costs expense		(353,957)	0	(353,957)
Finance charges – loans		(91,500)	0	(91,500)
Guarantee fees		(100,000)	0	(100,000)
Insurance		(162,410)	0	(162,410)
Interest paid		(7,082,769)	0	(7,082,769)
Land tax		(224,678)	0	(224,678)
Leasing expenses		(43,795)	0	(43,795)
Lift expenses		(295,011)	0	(295,011)
Property management fees		(153,911)	0	(153,911)
Rates		(623,342)	0	(623,342)
Recoverable outgoings		(803,879)	0	(803,879)
Repairs and maintenance		(352,508)	0	(352,508)
Security		(123,352)	0	(123,352)
Other expenses from ordinary activities		(442,120)	0	(442,120)
<b>Net Profit for the year</b>	<i>a,b,d e</i>	<b>1,625,792</b>	<b>45,689,686</b>	<b>47,315,478</b>

**BLUE TOWER TRUST**  
**BSX LISTING RULES – ANNEXURE 3A**  
**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

*Impact of adopting AIFRS*

Outlined below are the areas impacted upon by adoption of AIFRS, including the financial impact on equity and profit.

Reference	Item	AGAAP	AIFRS	Impact
<i>a</i>	Investment property	Fair value movements in investment properties were recognised in the asset revaluation reserve to the extent that there were revaluation increments/decrements to offset against.	Under AASB 140 <i>Investment Property</i> fair value movements in Investment Properties are recognised in the income statement. An adjustment was required at transition to transfer these fair value movements from the asset revaluation reserve to retained earnings. This also impacted the carrying value of the investment property by \$113,729 at transition.	<i>Equity at transition:</i> Increase in retained earnings of \$113,729  <i>Equity at 30 June 2005:</i> No net change in equity.  <i>Profit for 30 June 2005:</i> Increase to profit of \$45,125,901
<i>b</i>	Formation costs	Formation costs were capitalised and amortised over 5 years.	Under AASB 138 <i>Intangible Assets</i> , formation costs are to be expensed as incurred.	<i>Equity at transition:</i> Decrease in retained earnings of \$256,456  <i>Equity at 30 June 2005:</i> Decrease in retained earnings of \$201,698  <i>Profit for 30 June 2005:</i> Increase to profit of \$54,757
<i>c</i>	Borrowing costs	Borrowing costs were capitalised, disclosed under non-current assets, and amortised over 5 years.	Under AASB 132, borrowing costs are capitalised, disclosed net against the related interest bearing loan, and amortised over 5 years.	<i>Equity at transition and at 30 June 2005:</i> No impact  <i>Profit for 30 June 2005:</i> No impact

**BLUE TOWER TRUST**

**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

*Impact of adopting AIFRS (continued)*

Reference	Item	AGAAP	AIFRS	Impact
<i>d</i>	Rental Revenue	Revenues from rents and recoverable outgoings were recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.	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 years in which it is earned.	<i>Equity at transition:</i> Increase in retained earnings of \$333,110.  <i>Equity at 30 June 2005:</i> Increase in retained earnings of \$886,336  <i>Profit for 30 June 2005:</i> Increase to profit of \$553,226
<i>e</i>	Lease Fitout Incentives	Lease incentives were included within the investment property and not amortised.	Lease fitout incentives will be separated out from property investments and will be amortised over the period of the lease.	<i>Equity at transition:</i> No impact  <i>Equity at 30 June 2005:</i> Decrease in retained earnings of \$44,198  <i>Profit for 30 June 2005:</i> Decrease to profit of \$44,198