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- 1. Balance Sheet as at 30 June 2004
- 2. Profit and Loss Statement to 30 June 2004

#### 1. Overview

This Blue Tower Trust Investors' Report is for the quarter ending 30 June 2004.

The focus continues to be on meetings with current tenants, lease renewals, building maintenance issues, preparing vacant areas for leasing, liaising with external leasing agents and putting in place procedures for the supervision and monitoring of the building's maintenance service contracts.

#### 2. Leasing

Leasing activity for the June 2004 quarter is summarised as follows:-

#### Lease Renewals

UE Comm <sup>*</sup>	Level 13	A new five (5) year lease term
	589 square metres	negotiated

New Leases		
Coffee Shop – McGreevy*	Ground Floor 130 square metres	A new ten (10) year lease term negotiated
Leyshon	Level 1 – Annexe 322 square metres	A new five (5) year lease term negotiated

<sup>\*</sup> Offer and Acceptance – subject to lease execution.

#### **Financial Results** 3.

Attached at Appendices 1 and 2 is the Balance Sheet as at 30 June 2004 and Profit and Loss Statement to 30 June 2004

The project's profit before tax for the period ending 30 June 2004 is \$56,506 lower than budget. There are no major unfavourable variances against budget other than:

- Leasing expenses of \$72,155 being a leasing commission paid to a real estate agency for a new tenant; this is a timing difference only
- Repairs and maintenance of \$32,197 being one-off repairs to the standby generators and smoke extraction units

The interest cover for the period ending 30 June 2004 is 1.29 times. This is in excess of the financiers' required minimum interest cover of 1.25 times.

The "6% coupon payments" for the June 2004 quarter were paid to the project's investors on 19 July 2004. For tax purposes these payments are non-taxable as they represent a partial repayment of capital invested.

Ernst & Young will audit the statutory accounts of the Blue Tower Trust for the year ended 30 June 2004 during August 2004. A copy of the audited statutory accounts will be distributed to all Unitholders on completion.

#### 4. Building Refurbishment

All of the building services are operating well.

The building's three air-conditioning cooling towers are to be replaced before Christmas 2004 at a cost of \$443,000. This item was included in the year one capital expenditure budget at a cost of \$600,000. It is expected there will be minimal inconvenience to tenants during the replacement of the cooling towers.

There is not likely to be any major capital expenditure works in 2005.

#### 5. Listing on Bendigo Stock Exchange ("BSX")

Following approval at the General Meeting of Blue Tower Unitholders held on 13 April 2004, Leyshon Corporation Limited ("LCL") has been installed as trustee of Blue Tower Trust. LCL has been issued with an Australian Financial Services Licence by the Australian Securities and Investment Commission ("ASIC") and Blue Tower Trust is a registered managed investment scheme with ASIC.

Blue Tower Trust listed on BSX on 15 June 2004. Its BSX code is "BTT". The BSX website is www.bsx.com.au.

G McMahon 19 July 2004 M O'Reilly 19 July 2004

# Appendix 1

Balance Sheet as at 30 June 2004

# Appendix 2

# Profit and Loss Statement to 30 June 2004

## **Balance Sheet**

#### **Blue Tower Trust**

#### As At 30 June 2004

	\$
UNITHOLDERS' FUNDS	20.070.222
UNITS ISSUED AND PAID UP PROFIT CURRENT YEAR	28,879,232 531,923
TROTTI CORRENT TEAR	331,923
TOTAL UNITHOLDERS' FUNDS	29,411,155
<u>ASSETS</u>	
CURRENT ASSETS	
CASH	2 (02 171
11AM Call Account TOTAL CASH	3,603,171 3,603,171
TOTAL CASH	3,003,171
RECEIVABLES	
Trade Debtors	22,772
Income Receivable	334,409
TOTAL RECEIVABLES	357,181
OTHER CURRENT ASSETS	
Prepayments	86,315
TOTAL RECEIVABLES	86,315
TOTAL CURRENT ASSETS	4,046,667
NON CURRENT ASSETS	
PROPERTY PLANT AND EQUIPMENT	110 006 271
Property Investments held directly TOTAL PROPERTY PLANT AND EQUIPMENT	119,886,271 119,886,271
TOTAL TROTERT TEANT AND EQUITMENT	119,000,271
OTHER NON CURRENT ASSETS	
Formation Expenses	294,860
Accumulated Amortisation - Formation Expenses	(38,404)
Borrowing Expenses	1,742,616
Accumulated Amortisation - Borrowing Expenses	(202,049)
TOTAL OTHER NON CURRENT ASSETS	1,797,023
TOTAL NON CURRENT ASSETS	121,683,294
TOTAL ASSETS	125,729,961

## **Balance Sheet**

#### **Blue Tower Trust**

As At 30 June 2004

	\$
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	
Trade Creditors	34,158
Accrued Expenses	1,335,051
Building Refurbishment Prepayment	443,015
Prepaid Income	806,580
TOTAL ACCOUNTS PAYABLE	2,618,804
TOTAL CURRENT LIABILITIES	2,618,804
MON CUIDDENT LIADULITIES	
NON CURRENT LIABILITIES	
LOANS	02.700.000
Bank Loan	93,700,000
TOTAL LOANS	93,700,000
TOTAL MONICUIDDENT LIADILITIES	02.700.000
TOTAL NON CURRENT LIABILITIES	93,700,000
TOTAL LIABILITIES	96,318,804
NET ASSETS	29,411,155

#### **Profit & Loss Statement**

#### **Blue Tower Trust**

#### For the Period Ending 30 June 2004

	YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE
OTHER INCOME			
INTEREST REVENUE	91,818	54,881	36,937
RENTAL REVENUE	6,717,496	6,682,917	34,579
TOTAL OTHER INCOME	6,809,314	6,737,798	71,516
EXPENSES			
OPERATING EXPENSES	6,277,391	6,149,369	(128,022)
TOTAL EXPENSES	6,277,391	6,149,369	(128,022)
PROFIT BEFORE TAX AND AMORTISATION	531,923	588,429	(56,506)

# **Income Analysis**

#### **Blue Tower Trust**

For the Period Ending 30 June 2004

	YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE
OTHER INCOME			
Interest Received - Bank	91,818	54,881	36,937
Rent Received	6,395,494	6,279,752	115,742
Outgoings Recovered	322,002	403,165	(81163)
TOTAL OTHER INCOME	6,809,314	6,737,798	71,516
TOTAL OTHER INCOME	6,809,314	6,737,798	71,516

## **Expense Analysis**

#### **Blue Tower Trust**

For the Period Ending 30 June 2004

	YE	YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	
EXPENSES				
OPERATING EXPENSES				
Accounting Fees	650	0	(650)	
Airconditioning Expenses	221,438	222,586	1,148	
Amortisation of Formation Expenses	38,662	38,667	5	
Amortisation of Borrowing Costs	202,049	202,048	(1)	
Asset Management Fees	354,932	354,932	0	
Audit Fees	9,500	0	(9,500)	
Bank Charges	598	0	(598)	
Cleaning	44,451	32,424	(12,027)	
Consultancy Fees	30,762	15,127	(15,635)	
Electricity	40,665	28,301	(12,364)	
Finance Charges - Loans	55,000	55,000	0	
Fire Protection	18,511	20,888	2,377	
Gardening	1,983	1,981	(2)	
Guarantee Fees	58,333	58,331	(2)	
Insurance	130,524	127,246	(3,278)	
Interest Paid - Bank	4,037,343	4,037,344	1	
Land Tax	127,749	122,136	(5,613)	
Leasing Expenses	73,730	1,575	(72,155)	
Legal Costs	1,635	0	(1,635)	
Lift Expenses	168,021	166,327	(1,694)	
Miscellaneous Expenses	2,892	4,913	2,021	
Pest Control	1,270	3,059	1,789	
Printing & Stationery	2,275	0	(2,275)	
Property Management Fees	61,557	64,302	2,745	
Rates	356,500	366,968	10,468	
Repairs and Maintenance	152,774	120,577	(32,197)	
Security	83,587	104,637	21,050	
TOTAL OPERATING EXPENSES	6,277,391	6,149,369	(128,022)	
TOTAL EXPENSES	6,277,391	6,149,369	(128,022)	