

# Leyshon Property Fund No.3 Investors' Report

Quarter ending  
30 June 2005



## **Contents**

	Page Number
1. Overview	2
2. Melbourne Street	2
3. London Woolstore	3
4. Palm Beach	3
5. Financial Results	4

## **Appendices**

1. Draft Balance Sheet as at 30 June 2005
2. Draft Profit and Loss Statement to 30 June 2005

## **1. Overview**

This is the Leyshon Property Fund No. 3 ("the Fund") Quarterly Investors' Report for the quarter ending 30 June 2005.

The Fund is a stapled security fund comprising a property trust (Leyshon Property Trust No. 3) which invests in long term passive property investments and a property funds management and development company (Leyshon Developments No. 3 Limited) which undertakes property funds management and active property development projects. Units in the property trust are stapled to shares in the property funds management and development company.

The Fund's profit after tax for the period from 21 December 2004 to 30 June 2005 is \$859,129. This is in excess of the Prospectus and Product Disclosure Statement ("PDS") dated 8 November 2004 forecast profit after tax of \$651,000 for this period.

The PDS was closed on 30 June 2005. A total of 9,703,000 stapled securities were allotted during the June 2005 quarter pursuant to the PDS.

During the June quarter focus has continued on managing the Fund's two initial projects being 99 Melbourne Street and London Woolstore.

On 27 May 2005, the Fund acquired its second development project – a 9,800 square metre prominent development site on the Gold Coast Highway at Palm Beach on the Gold Coast.

In addition to this new project, the Directors of Leyshon Corporation Limited and Leyshon Developments No. 3 Limited (the Fund's Asset Managers) are currently assessing a number of new property projects.

## **2. Melbourne Street**

Melbourne Street is a newly constructed 6,145 square metre commercial office building located at 99 Melbourne Street, South Brisbane. The Fund purchased the building on 21 December 2004 for \$24.5 million.

The building continued to operate well during the June 2005 quarter. Only a few minor building defects remain to be rectified by the project's builder.

Lease rental income has been received in accordance with the forecasts contained in the PDS. The building is fully occupied except for the 144 square metre ground floor retail tenancy. The Fund is receiving lease rental income from Leyshon Developments Pty Ltd for this tenancy in accordance with the rent guarantee which was part of the purchase contract.

### **3. London Woolstore**

The London Woolstore project involves the conversion and refurbishment of an early 1900's former woolstore building into 89 residential apartments, carparking and nine ground level retail shops. In addition to the main woolstore building, the project also includes two smaller buildings that are leased to various tenants for professional offices.

Conversion of the main woolstore building commenced in late 2004. It is anticipated that the conversion and refurbishment of the former woolstore building will be completed prior to Christmas 2005.

As at 30 June 2005 unconditional sales contracts had been executed on 28 of the 89 residential apartments and sales contracts were being prepared for eight of the nine ground level retail shops.

The intention is to on sell the two smaller commercial buildings "as is". Individual land titles for the two smaller commercial buildings were approved by Brisbane City Council during the June 2005 quarter. This will allow the process of selling these two smaller commercial buildings to commence.

### **4. Palm Beach**

On 27 May 2005 the Fund acquired its second development project – a 9,800 square metre prominent development site on the Gold Coast Highway Palm Beach on the Gold Coast.

This site is to be developed into a 5,000 square metre retail and commercial complex and approximately 190 residential apartments. The end value of the completed development will be approximately \$100 million.

The project is in design development phase with development approval expected to be secured by late 2005/ early 2006. The project is to be developed in two stages over 2006 – 2008.

## 5. Financial Results

Attached at Appendices 1 and 2 are the Fund's Draft Balance Sheet as at 30 June 2005 and Draft Profit and Loss Statement to 30 June 2005.

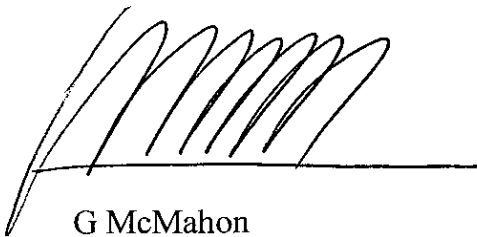
The Melbourne Street property is recorded in the attached Draft Balance Sheet at cost. The property is currently being revalued. The final 30 June 2005 Balance Sheet will record the property at valuation.

The Fund's profit after tax for the period from 21 December 2004 to 30 June 2005 is \$859,129. This is in excess of the PDS forecast profit after tax for this period of \$651,000.

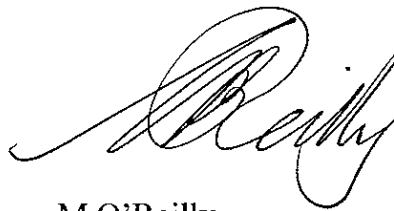
The attached Draft Profit and Loss Statement is presented in the format of actual current year figures compared to prior year figures which is standard practice for a listed property fund. There are no prior year figures as the Fund commenced operations on 21 December 2004.

Ernst and Young will audit the Statutory Accounts of the Fund for the year ended 30 June 2005 during August 2005. A copy of the final audited Statutory Accounts will be distributed to all investors on completion.

The 8% per annum distributions for the June 2005 quarter were paid to investors on 29 July 2005.



G McMahon  
Managing Director  
Leyshon Corporation Limited  
29 July 2005



M O'Reilly  
Director  
Leyshon Developments No. 3 Limited  
29 July 2005

## Appendix 1

Draft Balance Sheet as at 30 June 2005

## Balance Sheet

## Leyshon Property Fund No. 3

As At 30 June 2005

\$

**SECURITYHOLDERS' FUNDS**

UNITS ISSUED AND PAID UP	16,007,909
ISSUED CAPITAL	17,218,110
PROFIT CURRENT YEAR	859,129 *

**TOTAL SECURITYHOLDERS' FUNDS**

34,085,148

**ASSETS****CURRENT ASSETS****CASH**

Cash at Bank	3,936,142
Cash at Bank - Custodian	8,498,197
<b>TOTAL CASH</b>	<b>12,434,339</b>

**RECEIVABLES**

Trade Debtors	174
Refundable Deposit	800,000
Income Receivable	538,485
<b>TOTAL RECEIVABLES</b>	<b>1,338,659</b>

**INVENTORY**

Inventory - Work in Progress (London Woolstore)	32,021,464
<b>TOTAL INVENTORY</b>	<b>32,021,464</b>

**OTHER CURRENT ASSETS**

Prepayments	42,656
Security Deposits	2,200
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>44,856</b>

**TOTAL CURRENT ASSETS**

45,839,318

**NON CURRENT ASSETS****INVENTORY**

Inventory - Work in Progress (Palm Beach)	12,269,679
<b>TOTAL INVENTORY</b>	<b>12,269,679</b>

**PROPERTY PLANT AND EQUIPMENT**

Property Investments held directly (Melbourne Street)	25,913,074
<b>TOTAL PROPERTY PLANT AND EQUIPMENT</b>	<b>25,913,074</b>

**OTHER NON CURRENT ASSETS**

Deferred Tax Asset	11,726,500
Borrowing Expenses	195,248
Accumulated Amortisation	(22,026)
Formation Expenses	1,165
Accumulated Amortisation	(65)
<b>TOTAL OTHER NON CURRENT ASSETS</b>	<b>11,900,822</b>

**TOTAL NON CURRENT ASSETS**

50,083,575

**TOTAL ASSETS**

95,922,893

\* The current year profit figure is from the date of commencement of operations (21 December 2004) to 30 June 2005.

## Balance Sheet

# DRAFT

### Leyshon Property Fund No. 3

As At 30 June 2005

\$

#### **LIABILITIES**

##### **CURRENT LIABILITIES**

##### **ACCOUNTS PAYABLE**

Trade Creditors Control	28,042
Accrued Expenses	805,717
Prepaid Income	172,508
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>1,006,266</b>

##### **LOANS**

Other loans	22,343,276
<b>TOTAL LOANS</b>	<b>22,343,276</b>

##### **TOTAL CURRENT LIABILITIES**

**23,349,542**

##### **NON CURRENT LIABILITIES**

##### **LOANS**

Commercial Bill Facility	23,845,520
Other Loans	895,711
Accrued Expenses	1,893,334
<b>TOTAL LOANS</b>	<b>26,634,565</b>

##### **PROVISIONS**

Deferred Income Tax Liability	11,853,638
<b>TOTAL PROVISIONS</b>	<b>11,853,638</b>

##### **TOTAL NON CURRENT LIABILITIES**

**38,488,203**

##### **TOTAL LIABILITIES**

**61,837,745**

##### **NET ASSETS**

**34,085,148**



## Appendix 2

### Draft Profit and Loss Statement to 30 June 2005

## Profit & Loss Statement

### Leyshon Property Fund No. 3

For the Period Ending 30 June 2005

	<u>JUN 2005*</u>	<u>JUN 2004</u>	<u>VARIANCE</u>
<b>INCOME</b>			
INTEREST REVENUE	303,111	0	303,111
RENTAL REVENUE	1,292,456	0	1,292,456
OTHER	340,000	0	340,000
<b>TOTAL INCOME</b>	<u>1,935,567</u>	<u>0</u>	<u>1,935,567</u>
<b>EXPENSES</b>			
OPERATING EXPENSES	949,301	0	(949,301)
<b>TOTAL EXPENSES</b>	<u>949,301</u>	<u>0</u>	<u>(949,301)</u>
<b>PROFIT BEFORE TAX</b>	<u>986,266</u>	<u>0</u>	<u>986,266</u>
INCOME TAX EXPENSE	127,137	0	(127,137)
<b>NET PROFIT</b>	<u>859,129</u>	<u>0</u>	<u>859,129</u>

\* The current year figures are from the date of commencement of operations (21 December 2004) to 30 June 2005.

## Expense Analysis

## Leyshon Property Fund No. 3

For the Period Ending 30 June 2005

	<u>JUN 2005*</u>	<u>JUN 2004</u>	<u>VARIANCE</u>
<b>EXPENSES</b>			
<b>OPERATING EXPENSES</b>			
Accounting Fees	5,000	0	(5,000)
Airconditioning Expenses	6,800	0	(6,800)
Amortisation of Borrowing Costs	22,026	0	(22,026)
Amortisation of Formation Costs	65	0	(65)
Asset Management Fees	64,942	0	(64,942)
Audit Fees	55,670	0	(55,670)
Bank Charges	354	0	(354)
Cleaning	1,311	0	(1,311)
Consultancy Fees	22,316	0	(22,316)
Custodian Fees	5,797	0	(5,797)
Development Costs Expensed	4,473	0	(4,473)
Entertainment - Subject to FBT	335	0	(335)
Electricity	27,418	0	(27,418)
Fees and Licences	556	0	(556)
Fire Protection	2,884	0	(2,884)
Gardening	528	0	(528)
Insurance	27,441	0	(27,441)
Interest Paid - Bank	579,712	0	(579,712)
Land Tax	26,688	0	(26,688)
Leasing Expenses	2,199	0	(2,199)
Legal Costs	11,224	0	(11,224)
Lift Expenses	4,745	0	(4,745)
Miscellaneous Expenses	1,381	0	(1,381)
Non-deductible Expenses	600	0	(600)
Pest Control	1,026	0	(1,026)
Printing & Stationery	3,457	0	(3,457)
Property Management Fees	17,364	0	(17,364)
Public Relations	(1,398)	0	1,398
Rates	34,006	0	(34,006)
Repairs and Maintenance	12,359	0	(12,359)
Security	5,353	0	(5,353)
Subscriptions and Publications	723	0	(723)
Telephone and Facsimile	337	0	(337)
Travel - Local	1,609	0	(1,609)
<b>TOTAL EXPENSES</b>	<u>949,301</u>	<u>0</u>	<u>(949,301)</u>

\* The current year figures are from the date of commencement of operations (21 December 2004) to 30 June 2005.