

Leyshon Property Fund No. 3

PROSPECTUS and PRODUCT DISCLOSURE STATEMENT

Issued by:

**Leyshon Corporation Limited
ACN 090 257 480 and AFSL No. 229287
as Responsible Entity for Leyshon Property Trust No. 3
ARSN 109 093 816; and
Leyshon Developments No. 3 Limited ACN 111 628 589**



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IMPORTANT NOTICES

Defined terms and abbreviations used in this Prospectus and Product Disclosure Statement ("Offer Document") are explained in the Glossary of Terms.

This Offer Document is dated 19 July 2006 and a copy of this Offer Document was lodged with ASIC on that date. Neither ASIC nor BSX takes any responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates. No Stapled Securities will be allotted on the basis of this Offer Document after the expiry date. This Offer Document expires on the date which is 13 months from the date of this Offer Document. This Offer Document is distinct and separate from the Prospectus and Product Disclosure Statement dated 8 November 2004 which closed fully subscribed on 30 June 2005.

The Offer is available to Australian residents in each State and Territory of Australia. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who obtain this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. This Offer Document does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer.

No person is authorised to provide any information or to make any representation in connection with the Offer described in this Offer Document which is not contained in this Offer Document. Any information or representations not so contained may not be relied on as having been authorised by the Fund Managers or any other person in connection with the Offer.

This Offer Document provides information for investors to decide if they wish to invest in Leyshon Property Fund No. 3 and should be read in its entirety. The assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of the Fund should be examined. You should consider carefully these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation and particular needs of investors.

All financial amounts shown in this Offer Document are expressed in Australian dollars unless otherwise stated.

All Application Forms must be sent to "DDH Graham Limited – Leyshon Property Fund No. 3" or a licensee authorised under the Corporations Act to deal with securities or any other person licensed to deal in securities. DDH Graham Limited will facilitate the issue of Shares pursuant to this Offer Document. The function performed by DDH Graham Limited should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. DDH Graham Limited does not guarantee the success or performance of the Fund or the returns, if any, to be achieved by investors.

All Application Money must be deposited with the Public Trustee of Queensland ACF Leyshon Property Trust No. 3. The function performed by The Public Trustee of Queensland should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. The Public Trustee of Queensland does not guarantee the success or performance of the Fund or the returns, if any, to be achieved by investors.

Unless otherwise stated, the assets depicted in photographs in this Offer Document are not assets of Leyshon Property Fund No. 3.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Letter from the Chairman

19 July 2006

Dear Investor

On behalf of Leyshon Property Trust No. 3 ("Trust") and Leyshon Developments No. 3 Limited ("Company"), we invite you to participate in a Capital Raising including a non-renounceable two for one Entitlement Issue of 70 million Stapled Securities at \$1.06 per Stapled Security which will raise a maximum of \$74.2 million.

These funds will be invested in the Fund's existing and Future Projects.

TRANSACTIONS AND BENEFITS

Leyshon Property Fund No. 3 ("Fund") is to embark on a number of significant transactions and milestone events. The Fund Managers' vision for the Fund is to continue to grow it into a leading property fund with a quality portfolio of property investments that will produce long term capital growth and stable rental income streams.

These transactions include:

- Capital Raising by a non-renounceable two for one Entitlement Issue of 70 million Stapled Securities at \$1.06 per Stapled Security which will raise a maximum of \$74.2 million;
- Takeover bid by the Fund for all of the units in Blue Tower Trust which owns Comalco Place, 12 Creek Street, Brisbane – one of Brisbane's iconic and most successful CBD commercial office buildings; and
- Change of the Fund name to "Australian Property Growth Fund", with this new name being reflective of the vision in which the Fund Managers are seeking to position and grow the Fund.

Benefits of the proposed \$74.2 million Capital Raising and the Blue Tower Trust Takeover bid include:

- Increased size of the Fund, which will give it increased capacity to participate in future strategic property opportunities and should produce economies of scale through reduced administrative costs and increased efficiencies;
- Ownership of one of Brisbane's iconic and most successful CBD commercial office buildings;
- Increased percentage of the Fund's income to be derived from stable rental income streams;
- Diversification of investment across industry sectors and multiple tenant profiles; and
- A more liquid investment across an increased pool of investors.

After the Capital Raising is fully subscribed and the Takeover becomes unconditional, the Merged Fund (comprising Leyshon Property Fund No. 3 and Blue Tower Trust) will have total investors' funds of approximately \$170 million and total assets of approximately \$335 million.

TRANSACTION DOCUMENTATION

In addition to this Prospectus and PDS, you will also receive a Notice of Extraordinary General Meeting ("EGM") and Explanatory Memorandum and Bidder's Statement.

Whilst these proposed transactions are exciting milestone events for the Fund, they involve technical and complex legal, financial and taxation issues. Following this letter is a detailed Executive Summary of the Capital Raising and Takeover bid.

The Notice of EGM and Bidder's Statement includes a report from an independent expert, Ernst & Young Transaction Advisory Services Limited, which concludes that the proposed transactions are fair and reasonable as applicable.

CONCLUSION

As a continuing sign of the Fund Managers' confidence in the Fund, Leyshon Operations Pty Ltd (a related party of the Fund Managers) intends to accept its full entitlement and invest approximately \$22 million in the \$74.2 million Capital Raising. After the Capital Raising, Leyshon Operations Pty Ltd's total investment in the Merged Fund will have a total value of approximately \$47 million. This substantial investment by interests associated with the Fund Managers clearly demonstrates the commitment of the Fund Managers and their related parties to the successful growth of the Fund and also ensures the alignment of the interests of the Fund Managers and investors.

The Directors of Leyshon Corporation Limited and Leyshon Developments No. 3 Limited commend these significant and exciting transactions to you.

Yours faithfully



Neil Summerson

Chairman

Leyshon Corporation Limited
as Responsible Entity for Leyshon Property Trust No. 3
and Leyshon Developments No. 3 Limited

Executive Summary

CAPITAL RAISING

The Trust and Company have issued a Prospectus and Product Disclosure Statement ("Offer Document") which seeks to raise capital up to a maximum of \$74.2 million centred on a non-renounceable two for one Entitlement Issue of 70 million Stapled Securities issued at \$1.06 per Stapled Security.

The funds from the Capital Raising will be invested in the Fund's existing and Future Projects. The Fund Managers intend to focus on Future Projects that will produce long term capital growth and stable rental income streams.

Stapled Securities will be issued at \$1.06 per Stapled Security which reflects the Fund's current underlying net asset value. The issue price of \$1.06 per Stapled Security will be allocated \$1.05 to the Trust and \$0.01 to the Company. This allocation of approximately 99% of the equity raised to the Trust and approximately 1% to the Company reflects the Fund Managers' focus on building a quality portfolio that will produce long term capital growth and stable rental income streams.

Any entitlements not taken up by Original Investors may be allocated to Blue Tower Trust investors in the Priority Issue and then to the public in the Public Issue.

The Corporations Act and the BSX Listing Rules require a number of resolutions to be put to the investors of the Trust and the Company for approval at the EGM to be held on 4 September 2006.

Distributions from the Trust are forecast to be paid quarterly at approximately 8.48 cents per Stapled Security. At the issue price of \$1.06 per Stapled Security, these forecast quarterly distributions equate to 8% per annum. In the next two years the forecast distributions are expected to be 100% tax deferred and will depend upon the future performance of the Fund.

BLUE TOWER TRUST TAKEOVER BID

In addition to the \$74.2 million Capital Raising, the Fund has announced a Takeover bid for all of the issued units in Blue Tower Trust.

The \$74.2 million Capital Raising is not contingent on the success of the Blue Tower Trust Takeover bid. Conversely, the Takeover bid is not dependent on the success of the Capital Raising as it is a scrip takeover bid.

Blue Tower Trust owns Comalco Place which is situated at 12 Creek Street, Brisbane. The "Blue Tower" is one of Brisbane's iconic and most successful CBD commercial office buildings comprising approximately 32,200 m² of net lettable area.

The Fund 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.

The Takeover is subject to a number of conditions including:

- The Trust must have acquired at least 90% of the Blue Tower Trust units by the end of the Takeover offer period;
- Approval of Stapled Security Holders to Resolutions 2A, 2B, 2C, 3, 4 and 5A at the EGM to be held on 4 September 2006; and
- Other conditions as detailed in Section 8.7 of the Bidder's Statement.

Benefits of the Blue Tower Trust Takeover bid include:

- Increased size of the Fund, which will give it increased capacity to participate in future strategic property opportunities and should produce economies of scale through reduced administrative costs and increased efficiencies;
- Ownership of one of Brisbane's iconic and most successful office buildings;
- Increased percentage of the Fund's income to be derived from stable rental income streams; and
- Diversification of investment across industry sectors and multiple tenant profiles.

The offer of 2.1846 Stapled Securities for every unit in Blue Tower Trust equates to the ratio of the value of Blue Tower Trust units of \$2.3137 per unit to the value of the Fund's Stapled Securities of \$1.0591 per Stapled Security. These values have been determined by the Directors and are based on the net assets of Blue Tower Trust and the Fund adopting current independent property valuations.

Summaries of the current independent property valuations are included in Annexure A.

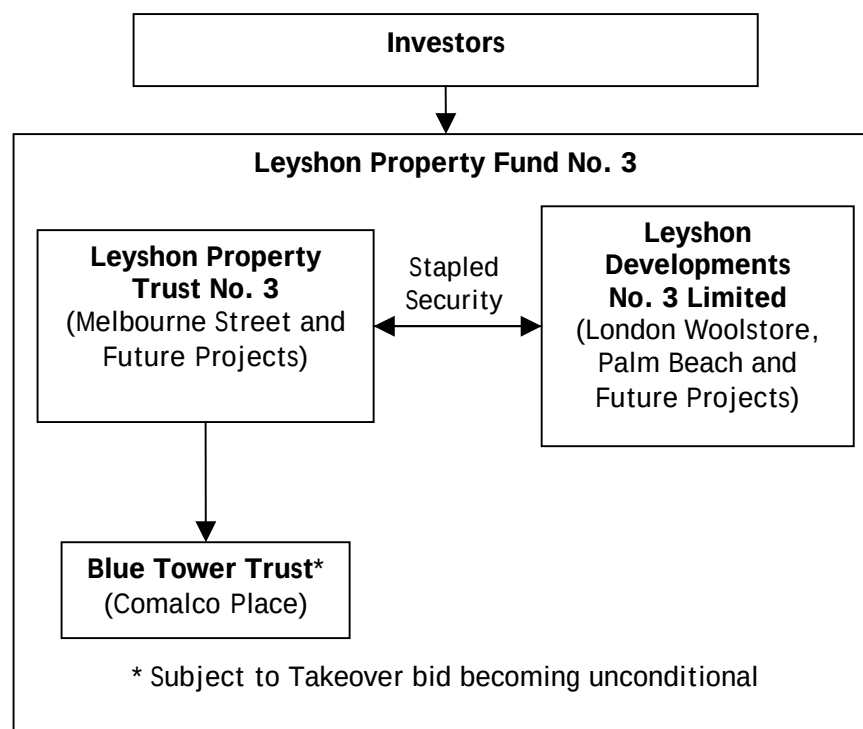
The Fund's Takeover offer values the net assets of Blue Tower Trust at \$69.4 million being \$2.3137 per unit. This reflects Comalco Place's current independent property valuation of \$184 million. The net asset calculation assumes that a \$2 million return of capital is paid to Blue Tower Trust Unitholders upon the Takeover becoming unconditional (or earlier at the discretion of the directors of the responsible entity of the Blue Tower Trust). This return of capital may be used by Blue Tower Trust Unitholders to assist in funding the payment of any Capital Gains Tax ("CGT") incurred by them as a result of the Takeover. The above net asset calculation of Blue Tower Trust is also after allowing for accrued asset management fees of approximately \$17.7 million which is payable to the Blue Tower Trust asset managers, Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd in the event the Takeover becomes unconditional.

The value of the Fund's net assets has been determined as \$37.1 million being \$1.0591 per Stapled Security.

An Independent Expert's Report prepared by Ernst & Young Transaction Advisory Services Limited concludes that the Blue Tower Trust Takeover bid is fair and reasonable to both Blue Tower Trust Unitholders and Stapled Security Holders.

As the Trust will acquire the units in Blue Tower Trust under the Takeover, the total consideration of \$1.0591 per Stapled Security will be allocated to the units issued by the Trust with nil consideration allocated to the shares issued by the Company.

The structure of the Fund, should the Takeover of Blue Tower Trust become unconditional, is illustrated below.



Upon the acquisition of Blue Tower Trust by the Trust, the Asset Manager will earn an acquisition fee of 2% of the value of Comalco Place (current independent property valuation being \$184 million).

Full details of the Takeover bid are contained in the Bidder's Statement.

The approval of Stapled Security Holders is required on a number of resolutions in relation to the Blue Tower Trust Takeover bid. These resolutions are to be put to the investors of the Trust and the Company for approval at the EGM to be held on 4 September 2006.

Offer at a Glance

QUESTION

Who are the issuers of this Offer Document?

What is offered?

Can I sell my Entitlement?

What is Leyshon Property Fund No. 3?

What is a Stapled Security?

What is Leyshon Property Trust No. 3?

What is Leyshon Developments No. 3?

ANSWER

The Fund Managers - Leyshon Corporation Limited (ATF Leyshon Property Trust No. 3) and Leyshon Developments No. 3 Limited.

Stapled Securities in Leyshon Property Fund No. 3 by way of three separate offers at the Offer Price:

- **Entitlement Issue** of Stapled Securities to Current Investors on the basis of two Stapled Securities for every one Stapled Security held;
- **Priority Issue** of Shortfall Stapled Securities to Blue Tower Trust Unitholders; and
- **Public Issue** of remaining Shortfall Stapled Securities to the public.

No, your Entitlement is non-renounceable, it cannot be sold on BSX or otherwise. If you decide not to accept all or part of your Entitlement, your Entitlement will lapse.

Leyshon Property Fund No. 3 constitutes together:

- Leyshon Property Trust No. 3; and
- Leyshon Developments No. 3.

A Stapled Security in Leyshon Property Fund No. 3 is:

- one Unit in Leyshon Property Trust No. 3; and
- one Share in Leyshon Developments No. 3.

The Unit and the Share are stapled together under the terms of the Stapling and Asset Management Deed and cannot be traded separately.

Leyshon Property Trust No. 3 is a registered managed investment scheme established for the purpose of long term passive property investment.

Leyshon Developments No. 3 is a public company incorporated for the purpose of property funds management and undertaking property development projects.

What makes an investment in Leyshon Property Fund No. 3 attractive?

An investment in Leyshon Property Fund No. 3 is the opportunity to invest in a portfolio of property projects with benefits including:

- exposure to quality property projects;
- experienced and proven management;
- a forecast quarterly return of approximately 8.48 cents per Stapled Security per annum, supplemented with Interim Distributions from development projects from time to time; and
- listed on BSX.

What is the size of the Offer?

70 million Stapled Securities at \$1.06 each allocated as (\$1.05 per Unit and \$0.01 per Share) to raise a maximum of \$74.2 million.

How do I apply?

After you have read this Offer Document, complete the applicable Application Form attached to this Offer Document and return it to the following:

Posted to:

DDH Graham Limited
GPO Box 330
BRISBANE QLD 4001

Fax: 07 3210 6986

OR

Delivered to:

DDH Graham Limited
Level 18
344 Queen Street
BRISBANE QLD 4000

Your Application Money should be either a bank cheque (accompanying your Application Form) or cleared funds deposited into the following account maintained for the Fund by The Public Trustee of Queensland:

Account Name: Public Trustee of Queensland ACF
Leyshon Property Trust No. 3
Bank: Bank of Queensland
BSB: 124-001
Account No: 998725597

If transferring Application Money electronically, please include an appropriate reference e.g. your security holder reference number or the investor's full name.

Applicants will earn interest from the day after cleared funds are deposited until the date prior to the issue of the Stapled Securities. The interest earned will be paid to Applicants within ten business days of issue of the Stapled Securities.

How do I obtain any information which has been updated since the issue of this Offer Document?

Information in this Offer Document may be subject to change from time to time. Any updated information which is materially adverse will be provided to Investors as soon as practicable.

How can further information be obtained?

If you have read this Offer Document and have any questions, please call the Fund Managers on 07 3004 1250 or contact your financial adviser, accountant, stockbroker, lawyer or other professional adviser.

Glossary of Terms

<i>ACF</i>	as custodian for
<i>Additional Stapled Securities</i>	Stapled Securities which may be allocated to Current Investors in addition to their Entitlement
<i>AFSL</i>	an Australian Financial Services Licence granted under the Corporations Act that authorises a person to carry on a financial services business to provide financial services
<i>AIFRS</i>	Australian equivalents to International Financial Reporting Standards
<i>Applicant</i>	a person or entity who submits an Application Form
<i>Application Form</i>	an Entitlement and Acceptance Form or Priority and Public Application Form to accompany this Offer Document
<i>Application Money</i>	the money received pursuant to the Offer, being the Offer Price multiplied by the number of Stapled Securities applied for by an Applicant
<i>ASIC</i>	Australian Securities and Investments Commission
<i>Asset Manager</i>	Leyshon Corporation Limited
<i>ATF</i>	as trustee for
<i>Australian Financial Services Licensee</i>	holder of an AFSL
<i>Bidder's Statement</i>	the Bidder's Statement to be issued under the Corporations Act by Leyshon Corporation Limited (as Responsible Entity for Leyshon Property Trust No. 3) and Leyshon Developments No. 3 for the Takeover
<i>Blue Tower</i>	Comalco Place, 12 Creek Street, Brisbane
<i>Blue Tower Trust</i>	Blue Tower Trust ARSN 109 093 852
<i>Blue Tower Trust Unitholder</i>	a holder of units in Blue Tower Trust as at the Record Date
<i>Boards</i>	the boards of directors of the Fund Managers
<i>BSX</i>	Bendigo Stock Exchange Limited ACN 087 708 898
<i>Capital Raising</i>	the offer of up to 70 million Stapled Securities at \$1.06 per Stapled Security which will raise a maximum of \$74.2 million pursuant to this Offer Document
<i>CGT</i>	capital gains tax which has the meaning set out in the Income Tax Assessment Act 1997
<i>Comalco Place</i>	the land and improvements at 12 Creek Street, Brisbane
<i>Company</i>	means Leyshon Developments No. 3 Limited ACN 111 628 589
<i>Company Project</i>	means a Project to the extent the Company has undertaken the Project

<i>Constitution</i>	the constitution of Leyshon Developments No. 3
<i>Corporations Act</i>	the Corporations Act 2001 including the Corporations Regulations 2001
<i>Cost Base</i>	the amount recorded in the Trust's balance sheet for the Trust Projects at the last time the Internal Rate of Return calculation was made for the purpose of determining the Performance Fee
<i>Current Investor</i>	a holder of Stapled Securities as at the Record Date
<i>Custodian</i>	The Public Trustee of Queensland ABN 12 676 939 467
<i>Custody Agreement</i>	the custody agreement between the Responsible Entity and the Custodian
<i>DDH Graham Limited</i>	DDH Graham Limited ACN 010 639 219, holder of AFSL No. 226319
<i>Development Management Fee</i>	the development management fee set out in Section 11.4
<i>Directors</i>	the directors of Leyshon Developments No. 3 and/or Leyshon Corporation Limited as the context requires
<i>EGM</i>	the extraordinary general meeting of LPF3 Stapled Security Holders to be held on 4 September 2006, pursuant to the Notice of EGM
<i>Entitlement</i>	the entitlement of Current Investors to subscribe for Stapled Securities pursuant to this Offer Document
<i>Entitlement and Acceptance Form</i>	a Current Investor's personalised Entitlement and Acceptance Form accompanying this Offer Document
<i>Entitlement Issue</i>	the issue of up to 70 million Stapled Securities at an issue price of \$1.06 per Stapled Security (\$1.05 per Unit and \$0.01 per Share) pursuant to this Offer Document to Current Investors
<i>Entitlement Issue Closing Date</i>	the date on which the Entitlement Issue closes, being 5 September 2006. This date may be varied by the Fund Managers without prior notice
<i>Ernst & Young</i>	Ernst & Young ABN 75 288 172 749
<i>Ernst & Young Transaction Advisory Services Limited</i>	Ernst & Young Transaction Advisory Services Limited ACN 003 599 844
<i>Financial Report</i>	The financial report of the Fund for the half year ended 31 December 2005, lodged with the BSX and ASIC on 16 March 2006 and distributed to Stapled Security Holders on 31 March 2006
<i>Forecast Period</i>	period from 1 April 2006 to 30 June 2008
<i>Fund Managers</i>	Leyshon Corporation Limited (as Responsible Entity for Leyshon Property Trust No. 3) and Leyshon Developments No. 3, the issuers of this Offer Document
<i>Fund/LPF3</i>	Leyshon Property Trust No. 3 and Leyshon Developments No. 3
<i>Future Projects</i>	future projects of the Fund
<i>Interim Distributions</i>	distributions to Investors in addition to the quarterly distributions

<i>Internal Rate of Return</i>	the discount rate expressed as a percentage per annum that results in a net present value of zero for the Fund's series of cashflows comprising the Total Funds, the Returns, any future equity raised by the Fund, and for any Trust Projects, the difference between the current Market Value of the Trust Projects and the Cost Base of the Projects
<i>Investor</i>	includes Current Investors and any other person or entity allocated Stapled Securities pursuant to this Offer Document
<i>Issues</i>	the allotment of Stapled Securities pursuant to the Entitlement Issue, Priority Issue or the Public Issue pursuant to this Offer Document
<i>Leyshon</i>	Leyshon Pty Ltd ACN 010 916 935 and its subsidiaries as the context requires
<i>Leyshon Corporation Limited</i>	Leyshon Corporation Limited ACN 090 257 480 and holder of AFSL No. 229287
<i>Leyshon Developments No. 3</i>	Leyshon Developments No. 3 Limited ACN 111 628 589
<i>Leyshon Palm Beach Developments Pty Ltd</i>	Leyshon Palm Beach Developments Pty Ltd ACN 113 479 744 (a wholly owned subsidiary of the Company)
<i>Leyshon Properties Pty Ltd</i>	Leyshon Properties Pty Ltd ACN 050 412 836
<i>Leyshon Property Fund No. 3</i>	Leyshon Developments No. 3 and Leyshon Property Trust No. 3
<i>Leyshon Property Trust No. 3</i>	Leyshon Property Trust No. 3 ARSN 109 093 816
<i>Listing Rules</i>	listing rules of BSX
<i>London Woolstore</i>	the land and improvements located at Vernon Terrace and Florence Street, Teneriffe, Brisbane, Queensland
<i>London Woolstore Development Agreement</i>	the development agreement between Leyshon Developments No. 3 and Leyshon Properties Pty Ltd as trustee for London Woolstore Trust dated 8 November 2004 including any variations to the agreement that may be made from time to time
<i>London Woolstore Project</i>	the residential, retail and commercial property development project at Vernon Terrace, Teneriffe, developed in accordance with the London Woolstore Development Agreement
<i>London Woolstore Trust</i>	means the trust formed for the purpose of developing the London Woolstore Project and which entered into the London Woolstore Development Agreement with Leyshon Developments No. 3. referred to in Section 11.6
<i>Market Value</i>	means the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, to be determined by an independent registered valuer (with at least five years experience in valuation of comparable properties) as approved by the parties (if applicable) and where the parties cannot agree on a valuer (if applicable), an independent valuer appointed by the President of the Queensland Division of the Australian Property Institute

<i>Melbourne Street</i>	the land and improvements located at 99 Melbourne Street, South Brisbane, Queensland, described as Lot 8 on SP 172780
<i>Melbourne Street Project</i>	the commercial office building at 99 Melbourne Street, South Brisbane
<i>Merged Fund</i>	LPF3 following the acquisition of Blue Tower Trust as a result of the Takeover
<i>Minimum Application</i>	2,000 Stapled Securities
<i>Notice of EGM</i>	the notice of extraordinary general meeting and explanatory memorandum for a meeting of Stapled Security Holders to be held on 4 September 2006
<i>Offer</i>	the offer of up to 70 million Stapled Securities pursuant to each of the Issues under this Offer Document
<i>Offer Document</i>	this Prospectus and Product Disclosure Statement
<i>Offer Price</i>	\$1.06 per Stapled Security allocated as \$1.05 per Unit and \$0.01 per Share
<i>Palm Beach Development Agreement</i>	the development agreement for the Palm Beach Site between Leyshon Palm Beach Developments Pty Ltd, Palm Beach Developments Pty Ltd and Leyshon Corporation Limited including any variations to the agreement that may be made from time to time
<i>Palm Beach Developments Pty Ltd</i>	Palm Beach Developments Pty Ltd ACN 101 716 081
<i>Palm Beach Project</i>	the proposed residential, retail and commercial property development for the Palm Beach Site
<i>Palm Beach Site</i>	means the land and improvements located on the corner of Gold Coast Highway, Fourth Avenue and Fifth Avenue, Palm Beach, Gold Coast, Queensland, described as lot 110 on RP 31999, with title reference 13819080 and lot 10 on RP 901040, with title reference 50163282
<i>Performance Fee</i>	the performance fee set out in Section 11.2
<i>Priority and Public Application Form</i>	the application form attached to this Offer Document for the Priority Issue and the Public Issue
<i>Priority Issue</i>	the priority issue of Shortfall Stapled Securities to Blue Tower Trust Unitholders
<i>Projects</i>	the projects of the Fund including the Melbourne Street Project, London Woolstore Project, the Palm Beach Project, Future Projects and Comalco Place (if the Takeover becomes unconditional)
<i>Public Issue</i>	the issue of Shortfall Stapled Securities to the public
<i>Public Issue Closing Date</i>	the date on which the Public Issue closes, being no later than 18 August 2007. This date may be varied by the Fund Managers without prior notice
<i>Record Date</i>	31 July 2006
<i>Responsible Entity</i>	Leyshon Corporation Limited

<i>Returns</i>	means all payments to the Investors including quarterly distributions, Interim Distributions and the distribution of the net proceeds from the sale of the Projects
<i>Share</i>	an ordinary share in Leyshon Developments No. 3
<i>Shareholders</i>	holders of Shares in Leyshon Developments No. 3
<i>Shortfall Facility</i>	the method by which the Fund Managers may allocate Shortfall Stapled Securities under the Priority Issue or the Public Issue
<i>Shortfall Stapled Securities</i>	Entitlements which are not taken up by Current Investors
<i>Stapled Security</i>	one Share and one Unit which are stapled together and will trade together on BSX as one security
<i>Stapled Security Holders</i>	holders of Stapled Securities
<i>Stapling and Asset Management Deed</i>	the deed between Leyshon Developments No. 3, Leyshon Corporation Limited and the Responsible Entity to manage the Projects and the stapling of the Shares and Units, including any variations to the deed that may be made from time to time
<i>Takeover</i>	the off-market takeover bid for all of the units in Blue Tower Trust by the Fund, pursuant to the Bidder's Statement
<i>Top Up Facility</i>	the facility for Current Investors to apply for Stapled Securities in addition to their Entitlement as described in Section 3.1
<i>Total Development Cost</i>	includes all costs of development including land acquisition, construction, consultants, town planning, interest, marketing, selling, financing, property taxes, rates and any other costs of acquisition and development excluding the Development Management Fee
<i>Total Funds</i>	total equity raised by the Fund
<i>Trust</i>	Leyshon Property Trust No. 3 ARSN 109 093 816
<i>Trust Deed</i>	the deed governing the relationship between Unitholders and the Responsible Entity for the Trust, including any variations to the deed made from time to time
<i>Trust Project</i>	means a Project to be held by the Trust
<i>Unit</i>	a unit in the Trust
<i>Unitholders</i>	holders of Units in the Trust
<i>us or we</i>	the Fund Managers
<i>you</i>	the Investors pursuant to this Offer Document

Section 1 Investment Overview

KEY OFFER HIGHLIGHTS

The Offer Price per Stapled Security is \$1.06

The Fund is seeking to raise capital up to \$74.2 million centred on a non-renounceable pro-rata Entitlement Issue to Current Investors on the basis of two Stapled Securities for every one Stapled Security held.

Leyshon Property Fund No. 3 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. If the Takeover proceeds, the structure of the Fund will vary. Refer to Section 5 for further details.

Refer to Section 2 of this Offer Document for further details of the Offer.

The following table is on the basis of a maximum Capital Raising of \$74.2 million under the Offer.

Stapled Securities on issue at the date of this Offer Document	35 million
Stapled Securities offered under this Offer Document	70 million
Total number of Stapled Securities on issue following the Offer (fully subscribed)	105 million
Amount to be raised under the Offer*	\$74.2 million
Market capitalisation at the Offer Price*	\$111.3 million

*There is no minimum subscription under the Offer. The Fund Managers are seeking to raise a maximum of \$74.2 million under the Offer. Stapled Securities on issue will vary accordingly.

After the Takeover, if LPF3 acquires all of the units in the Blue Tower Trust there will be approximately 170.5 million Stapled Securities on issue.

Important dates*

	Date
Entitlement Issue opens	3 August 2006
Priority Issue opens	3 August 2006
Public Issue opens	3 August 2006
Takeover opens	3 August 2006
Entitlement Issue closes	5 September 2006
Priority Issue closes	8 September 2006
Takeover closes	19 September 2006

* These dates are indicative only. The Fund Managers reserve the right to vary these dates without prior notice including closing the Offer before the scheduled closing date. Investors are encouraged to submit their Application Forms as soon as possible.

All Application Forms must be sent to DDH Graham Limited or any other appropriately licensed Australian Financial Services Licensee. Only Application Forms bearing an Australian Financial Services Licensee's stamp will be accepted.

All Application Money should be paid by bank cheque or cleared funds deposited into the account maintained for the Fund by The Public Trustee of Queensland. Details of the account are set out in Section 3.

The Public Issue will close no later than 18 August 2007. However, Stapled Securities will be allotted periodically.

1.1 The Issues

Entitlement Issue

The Fund is seeking to raise a maximum of \$74.2 million through a non-renounceable pro-rata Entitlement Issue to Current Investors on the basis of two Stapled Securities for every one Stapled Security held.

The number of Stapled Securities to which Current Investors are entitled will be calculated as at the Record Date.

Current Investors may also apply for Additional Stapled Securities under the Top Up Facility, in addition to their Entitlement. Refer to Section 3.1 for details.

Priority Issue

Any Entitlements not taken up by Current Investors may be allocated at the Fund Managers discretion pursuant to the Shortfall Facility to Blue Tower Trust Unitholders, under the Priority Issue.

Public Issue

The public may also participate in the Shortfall Facility. Any Stapled Securities not subscribed for under the Entitlement Issue or the Priority Issue will be available for subscription by the public.

1.2 Summary

The funds raised will be utilised by the Fund to invest in and develop a portfolio of quality property Projects including:

- Future Projects which satisfy the Fund Managers' project selection process and criteria. Refer to Section 7.16 and 7.17; and
- The Palm Beach Project to be known as "Pavilions on Fifth" on the Gold Coast Highway, Palm Beach, Gold Coast, involving the development of approximately 194 residential apartments. In addition a commercial and retail centre of approximately 5,000m² net lettable area will be developed.

The Fund comprises Leyshon Property Trust No. 3 and Leyshon Developments No. 3. Units in the Trust are stapled to the Shares in the Company and are treated as one security.

The Fund's Stapled Security structure allows Investors to derive income from passive property ownership (Melbourne Street and Future Projects) supplemented by profits from property development (London Woolstore Project, Palm Beach Project and Future Projects).

Palm Beach is owned by Leyshon Palm Beach Developments Pty Ltd, a wholly owned subsidiary of the Company. Leyshon Palm Beach Developments Pty Ltd and the Company have entered into a joint venture with the previous owner of the site by way of the Palm Beach Development Agreement. That agreement enables the Palm Beach site to be developed as a mixed use development that comprises residential, retail and commercial components.

Distributions are forecast to be paid quarterly at approximately 8.48 cents per Stapled Security per annum. In the Forecast Period the distributions of the Trust are expected to be 100% tax deferred and will depend upon the future performance of the Fund. At the issue price of \$1.06 per Stapled Security, these forecast distributions equate to 8% per annum. In addition to the 8.48 cents per annum per Stapled Security distributions, Investors may from time to time receive Interim Distributions. These are expected to be paid to Investors in the form of franked dividends from the Company.

The Fund is not for a fixed or pre-determined term. Every five years Investors will vote to determine whether the Fund continues or is terminated. The first vote is scheduled for December 2009.

The Responsible Entity of the Trust and Asset Manager of all Projects is Leyshon Corporation Limited. The directors and management of Leyshon Corporation Limited have an established track record of achievement in property funds management, investment and development.

As a continuing sign of the Fund Manager's confidence in the Fund, Leyshon Operations Pty Ltd (a related party of the Fund Managers) intends to accept its full entitlement and invest approximately \$22 million in the \$74.2 million Capital Raising. After the Capital Raising, Leyshon Operations Pty Ltd's total investment in the Merged Fund will have a total value of approximately \$47 million. This substantial investment by interests associated with the Fund Managers clearly demonstrates the commitment of the Fund Managers and their related parties to the successful growth of the Fund and also ensures the alignment of the interests of the Fund Managers and Investors.

The Fund is listed on BSX.

1.3 Takeover of Blue Tower Trust

On the date of this Offer Document the Fund 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 approve the following:

- the issue of Stapled Securities in accordance with the Offer;
- the Takeover; and
- certain other resolutions.

The Takeover is important and vary the operation and future prospects of the Fund. Before deciding to invest, you should carefully consider Section 5 of this Offer Document which explains this transaction.

The Issues under this Offer Document will proceed regardless of the success or failure of the Takeover.

1.4 Purpose of the Offer and utilisation of funds

The net proceeds of the Offer (assuming the Offer is fully subscribed) will be used to assist the Trust and the Company with the following projects:

Estimated use of proceeds	(\$'000)
Future Projects	67,341
Palm Beach Project	5,463
Capital Raising costs	1,396
TOTAL FUNDS RAISED	74,200

1.5 Risk factors

Investment in the Fund as described in this Offer Document is subject to both general and specific risks. Before deciding to invest in the Fund, prospective investors should read the entire Offer Document and in particular, should consider the Asset Manager's best estimate assumptions underlying the financial forecasts in Section 9 of this Offer Document and the risk factors in Section 8 that could affect the future performance of the Fund.

1.6 Overview only

This overview is not intended to provide full details of the investment opportunity. Investors must read this Offer Document in its entirety to make a fully informed investment decision.

Section 2 Details of the Offer

2.1 Description of the Offer

The Fund is seeking to raise a maximum of \$74.2 million through the Issues:

Entitlement Issue

The Fund is seeking to raise a maximum of \$74.2 million through a non-renounceable pro-rata Entitlement Issue to Current Investors on the basis of two Stapled Securities for every one Stapled Security held.

The number of Stapled Securities to which Current Investors are entitled will be calculated as at the Record Date and is outlined on the Entitlement and Acceptance Form attached to this Offer Document

Current Investors may also apply for Additional Stapled Securities under the Top Up Facility, in addition to their Entitlement. Refer to Section 3.1 for details.

The Entitlement Issue opens on 3 August 2006 and closes on 5 September 2006.

Priority Issue

Any Entitlements not taken up by Current Investors may be allocated at the Fund Managers discretion pursuant to the Shortfall Facility to Blue Tower Trust Unitholders under the Priority Issue.

The Priority Issue opens on 3 August 2006 and closes on 8 September 2006.

Public Issue

The public may also participate in the Shortfall Facility. Any Stapled Securities not subscribed for under the Entitlement Issue or the Priority Issue will be available for subscription by the public.

The Public Issue opens on 3 August 2006 and closes no later than 18 August 2007.

Applications under each of the Issues must be for a minimum of 2,000 Stapled Securities.

The Fund Managers reserve the right to vary the closing dates of each of the Issues without notice.

2.2 How to apply for Stapled Securities

Section 3 sets out in detail the options which Current Investors have in relation to their Entitlement and how to apply under the Issues.

2.3 Cooling off period

As the Trust and the Company will invest in assets that are not liquid, there will not be a cooling off period in relation to applications.

2.4 Capital structure

Leyshon Developments No. 3 currently has 35 million Shares on issue. Leyshon Property Trust No. 3 currently has 35 million Units on issue.

On successful completion of the Offer (assuming it is fully subscribed) it is anticipated that the Fund will comprise 105 million fully paid Stapled Securities, and total issued capital will be \$109.2 million.

2.5 Use of proceeds

The proceeds of the Offer will be used to assist the Trust and the Company with progressing these Projects:

Company – Palm Beach Project

The development of approximately 194 residential apartments, commercial and shopping centre of approximately 5,000 m² net lettable area and car parking.

Trust and Company – Future Projects

The sourcing of Future Projects in accordance with the project selection process and criteria set out in Sections 7.16 and 7.17.

The net proceeds of the Offer will be used to assist the Trust and the Company with the Projects as required (refer to Section 1.4).

2.6 Rights attaching to Stapled Securities

All Stapled Securities are being offered at the same price of \$1.06 each and will rank equally with all Stapled Securities on issue and will be fully paid. The rights attaching to the Units are detailed in the Trust Deed and the rights attaching to the Shares are detailed in the Constitution. A summary of the major provisions of the Trust Deed is set out in Section 11.2 and a summary of the major provisions of the Constitution is set out in Section 11.3.

2.7 Term of the Fund

The Fund is not for a fixed or pre-determined term. The Fund Managers will continue to monitor the long term investment strategy of the Projects with a view to maximising returns for Investors in the Fund. This will involve the development and sale of the London Woolstore Project, the Palm Beach Project or any Future Projects of the Company and may involve, where appropriate, the ultimate sale of the Melbourne Street Project or any Future Projects of the Trust.

The Fund Managers will convene a meeting of Investors every five years to give Investors the opportunity to vote on a special resolution to terminate the Fund. A special resolution requires 75% of votes of Investors present and voting to be cast in favour of a resolution. The first meeting of this kind will occur by December 2009.

If the Fund is terminated, all Projects and other assets will be sold and after all expenses and taxes are paid, all retained profits and equity capital will be distributed to Investors in proportion to their holdings.

The Fund Managers may also terminate the Fund in circumstances allowed for under the Trust Deed and Constitution. This is likely to occur only in the event that the Fund Managers are unable to secure Future Projects that satisfy the Fund's project selection criteria or if there are significant changes in taxation, other regulations or other circumstances that materially and adversely affect the Fund.

If there are any Projects underway at the time of the termination of the Fund, the Asset Manager or its nominee will be offered the right (but will not have any obligation) to purchase the Projects at their Market Value as assessed and agreed by two independent valuers. In the event the two valuers fail to reach agreement, a third independent valuer will be appointed to determine the Market Value, taking into account the evidence utilised by the two original valuers and any other matters considered relevant.

2.8 Returns

Distributions are forecast to be paid quarterly at approximately 8.48 cents per Stapled Security per annum. In the Forecast Period the distributions of the Trust are expected to be 100% tax deferred and will depend upon the future performance of the Fund. At the issue price of \$1.06 per Stapled Security, these forecast distributions equate to 8% per annum. In addition to the 8.48 cents per annum per Stapled Security Investors may, from time to time, receive Interim Distributions. These are expected to be paid to Investors in the form of franked dividends from the Company.

2.9 Market price of the Fund's Stapled Securities on BSX

As at the date of this Offer Document there have only been three trades in Stapled Securities on BSX since the Stapled Securities were quoted. All three were at a price of \$1.04 per Stapled Security and the total volume was 7,000 Stapled Securities.

2.10 Financial Report

Financial information relating to the Fund is contained in the Financial Report. A full copy of the Financial Report has been lodged with ASIC and BSX. Any person who wishes to obtain a copy of the Financial Report may request a copy from the Fund Managers. The Fund Managers will provide a copy of the Financial Report free of charge to anyone who requests it during the term of this Offer Document.

2.11 Allotment to Current Investors (Entitlement Issue)

Allotment of Stapled Securities to Current Investors will be made progressively as Application Money is received, but no later than the Entitlement Issue Closing Date.

2.12 Allotment to other Investors (Priority and Public Issues)

The Fund Managers may allocate Shortfall Stapled Securities pursuant to the Shortfall Facility and by the Priority and Public Issues. Such Shortfall Stapled Securities will be allocated at the discretion of the Boards and must be issued by the respective closing dates.

The Fund Managers reserve the right to allocate Shortfall Stapled Securities offered under this Offer Document in full on any application, or to allocate any lesser number, or to decline any application. Where no allotment is made, the amount tendered will be returned in full with the relevant Application Form.

Where the number of Stapled Securities allotted is less than the number of Stapled Securities applied for, the surplus Application Money will be despatched to the Applicant within seven days of the relevant closing date. Interest will be paid on refunded Application Money. Any interest earned on Application Money prior to allotment or return will be paid to the Applicant.

Applications for Stapled Securities under the Public Issue will be processed progressively, and allotments of Stapled Securities made progressively, throughout the term of the Offer.

There is no guarantee that there will be any Stapled Securities available for allotment in the Priority or Public Issues.

2.13 Minimum and maximum capital raising

There is no minimum subscription under the Offer. The Fund Managers are seeking to raise a maximum of \$74.2 million under the Offer.

2.14 Brokerage, fees and stamp duty

No brokerage, commission or stamp duty is payable by Applicants under the Offer.

2.15 Taxation

The Australian taxation consequences of any investment in Stapled Securities will depend upon the Applicant's particular circumstances. It is an obligation of Applicants to make their own enquiries concerning taxation consequences of an investment in the Fund. Applicants in doubt as to the course they should follow should consult their accountant, stockbroker, lawyer or other professional adviser.

2.16 Quotation on BSX

The Fund was admitted to the official list of BSX on 22 December 2004 and quotation of Stapled Securities commenced on 23 December 2004.

Trading of Stapled Securities issued pursuant to this Offer Document is expected to commence on BSX by 22 September 2006.

If the approval of BSX to the official quotation of Stapled Securities issued pursuant to the Offer Document is not obtained within three months of the date of this Offer Document all Application Money will be repaid in accordance with the Corporations Act.

The fact that BSX has admitted the Fund to its official list is not to be taken in any way as an indication of the value or merits of the Fund or the Stapled Securities offered for subscription.

2.17 Foreign selling restrictions

No action has been taken to register or qualify the Stapled Securities or the Offer, or otherwise to permit a public offering of the Stapled Securities, in any jurisdiction outside Australia.

The Offer Document does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Applicant will be taken to have represented, warranted and agreed that such person:

- is an Australian citizen or resident in Australia, is located in Australia at the time of such Application and is not acting for the account or benefit of any person in the United States, a United States person or any other foreign person; and
- will not offer or sell the Stapled Securities in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions exempt from registration under the United States Securities Act of 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which such Stapled Securities are offered and sold.

2.18 Withdrawal

The Fund Managers reserve the right not to proceed with the Offer at any time before the allotment of Stapled Securities to successful Applicants. If the Offer does not proceed, the Fund Managers will return all Application Money within seven days of giving notice of its withdrawal. Any interest earned on Application Money prior to withdrawal will be paid to the Applicants.

2.19 Enquiries

Further information about the Offer can be obtained by contacting the Fund Managers on 07 3004 1250.

Applicants with questions on how to complete the Application Form should contact their stockbroker, accountant, lawyer or other professional adviser.

2.20 Complaints

The Trust Deed establishes a procedure to deal with and resolve complaints by Unitholders in relation to management or administration of Leyshon Property Trust No. 3 within a reasonable time from the date of receipt of the complaint. Complaints should be addressed to:

Complaints Officer
Leyshon Corporation Limited
GPO Box 3119
BRISBANE QLD 4001

Telephone: 07 3004 1250
Fax: 07 3003 0122

The Responsible Entity is also a member of the Financial Industry Complaints Service ("FICS"). Complaints regarding the management or administration of Leyshon Property Trust No. 3 may be referred to that service if they are not satisfactorily resolved by the Responsible Entity. FICS is an external dispute resolution service which enables complaints to be determined before an independent arbitrator. The service is provided at no cost to Unitholders.

2.21 Expiry date

The expiry date of this Offer Document is the date that is 13 months after the date of this Offer Document. No Stapled Securities will be offered on the basis of this Offer Document after that date.

Section 3 Actions required for the Offer

3.1 Options for Current Investors under the Entitlement Issue

The Entitlement and Acceptance Form details the number of Stapled Securities to which Current Investors are entitled. Current Investors may take any of the following actions (including a combination of the options):

- take up their Entitlement in full;
- take up part of their Entitlement;
- take up more than their Entitlement; or
- take up none of their Entitlement.

Take up Entitlement in full

Current Investors who wish to take up **all** of their Entitlement must complete the Entitlement and Acceptance Form attached to this Offer Document, in accordance with instructions set out on the Entitlement and Acceptance Form.

Entitlement and Acceptance Forms must be completed and lodged in accordance with Section 3.5.

Take up part of their Entitlement

Current Investors who wish to take up **part** of their Entitlement must complete the Entitlement and Acceptance Form by inserting the number of Stapled Securities for which they wish to accept the Offer under this Offer Document (being less than their Entitlement).

Entitlement and Acceptance Forms must be completed and lodged in accordance with Section 3.5.

Take up more than their Entitlement – Top Up Facility

Current Investors who wish to take up Additional Stapled Securities must complete the Entitlement and Acceptance Form by inserting the number of Stapled Securities for which they wish to accept the Offer (being more than their Entitlement).

Entitlement and Acceptance Forms must be completed and lodged in accordance with Section 3.5.

Current Investors will only be allotted Stapled Securities beyond their Entitlement if there are Stapled Securities available after the Entitlement Issue and Priority Issue.

While Current Investors are assured of receiving their Entitlement in full, allocations of Additional Stapled Securities are at the discretion of the Fund Managers. There is no assurance that Current Investors will be allocated any Additional Stapled Securities.

Where the number of Stapled Securities allotted is less than the number of Stapled Securities applied for, the surplus Application Money will be despatched to the Applicant within seven days of the Entitlement Issue Closing Date. Interest will be paid on refunded Application Money. Any interest earned on Application Money prior to allotment or return will be paid to the Applicant.

Take up none of their Entitlement

The Entitlement Issue is non-renounceable, it cannot be sold on BSX or otherwise. Current Investors who do not wish to take up any part of their Entitlement are not required to take any action, in which case they will not receive any Stapled Securities under this Offer.

Current Investors who do not take up their Entitlement will as a result have their percentage holding in the Fund diluted.

Any Entitlements which are not taken up by Current Investors prior to 5 September 2006 will become available to be allocated under the Shortfall Facility.

3.2 Lodgement of Entitlement and Acceptance Forms

Applications for Stapled Securities can only be made by completing and lodging a paper copy of the Entitlement and Acceptance Form. Refer to Section 3.5.

3.3 Shortfall Facility (Priority and Public Issues)

The Fund Managers may allocate Stapled Securities, that are not taken up by Current Investors in the Entitlement Issue, to any other parties pursuant to the Shortfall Facility. The Fund Managers reserve the right to issue the Shortfall Stapled Securities at their discretion.

The Shortfall Stapled Securities will be issued for the same price and on the same terms as all other Stapled Securities issued pursuant to this Offer Document.

Shortfall Stapled Securities will be issued as follows:

Priority Issue

Priority for the allocation of Shortfall Stapled Securities will be given to Blue Tower Unitholders. Allocation of Shortfall Stapled Securities among Blue Tower Unitholders who apply for priority allocation will be at the discretion of the Fund Managers. There is no guarantee that all Blue Tower Unitholders who make an application will receive an allocation of Shortfall Stapled Securities.

To participate in the Priority Issue, Blue Tower Unitholders must use the Priority and Public Application Form attached to this Offer Document and must insert their unitholder certificate number. Priority applications must be made in accordance with the instructions on the Priority and Public Application Form and be for a minimum of 2,000 Stapled Securities and thereafter in multiples of 100 Stapled Securities.

Public Issue

Any Shortfall Stapled Securities not issued under the Priority Issue will be available for allocation under the Public Issue. There is no guarantee that persons who make an application will receive an allocation of Shortfall Stapled Securities under the Public Issue.

Public applications must be made in accordance with the instructions on the Priority and Public Application Form and be for a minimum of 2,000 Stapled Securities and thereafter in multiples of 100 Stapled Securities.

Priority and Public Application Forms must be completed and lodged in accordance with Section 3.5.

3.4 Priority and Public Issue Applications

Parties wishing to apply for Shortfall Stapled Securities through the Priority Issue and Public Issue must complete the Priority and Public Application Form attached to this Offer Document, in accordance with the instructions set out on the Priority and Public Application Form. Refer to Section 3.5.

Applications for Shortfall Stapled Securities can only be made by completing and lodging a paper copy of the Priority and Public Application Form.

3.5 Application Forms in general

Application Forms may only be distributed accompanying a complete and unaltered copy of this Offer Document. The Application Forms included with this Offer Document contain a declaration that the Applicant has personally received the complete and unaltered Offer Document prior to completing the Application Form.

A completed Application Form will not be accepted by DDH Graham Limited or the Fund Managers if they have reason to believe that the Applicant has not received a complete paper copy of this Offer Document or if they have reason to believe that the form has been altered or tampered with in any way.

Lodgement of an Application Form constitutes an irrevocable offer made in accordance with the provisions of the guidelines to the Application Form.

Enquiries about the Offer should be directed to the Fund Managers on 07 3004 1250 during business hours or to your financial adviser, accountant, stockbroker, lawyer or other professional adviser.

Once completed, Entitlement and Acceptance Forms and Priority and Public Application Forms should be:

Posted to:

DDH Graham Limited
GPO Box 330
BRISBANE QLD 4001
Fax: 07 3210 6986

OR

Delivered to:

DDH Graham Limited
Level 18
344 Queen Street
BRISBANE QLD 4000

Application Money should be paid by either a bank cheque (accompanying your Application Form) or cleared funds deposited into the following account maintained for the Fund by The Public Trustee of Queensland. Details of the account are as follows:

Account Name: The Public Trustee of Queensland ACF Leyshon Property Trust No. 3
Bank: Bank of Queensland
BSB: 124-001
Account No: 998725597

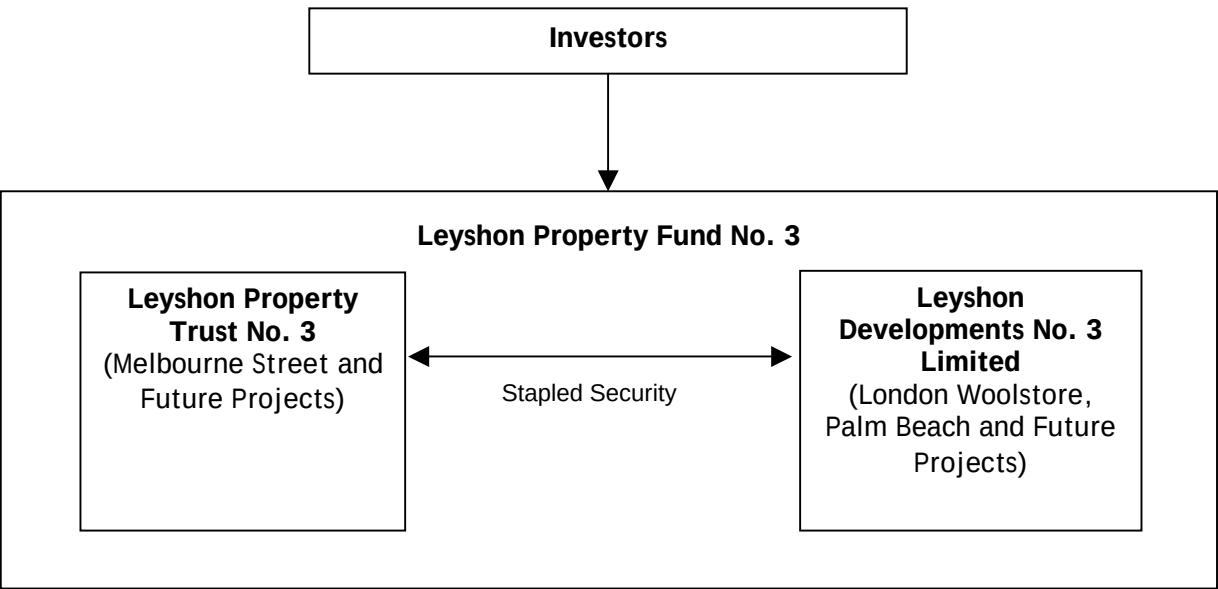
If transferring Application Money electronically, please include an appropriate reference e.g. your security holder reference number or the investor's full name.

Section 4 Current Fund Structure

4.1 Existing structure of Leyshon Property Fund No. 3

The Fund comprises Leyshon Property Trust No. 3 and Leyshon Developments No. 3 and the Units and Shares of each form the Stapled Securities.

Set out below is a diagrammatic representation of the structure of the Fund.



4.2 Leyshon Property Trust No. 3

Leyshon Property Trust No. 3 owns 99 Melbourne Street and will also acquire Future Projects when they arise. The Trust is a registered managed investment scheme established for the purpose of long term passive property investment.

As at the date of this Offer 35 million Units have been issued in the Trust.

Leyshon Corporation Limited is the Responsible Entity and manager of the Trust and manages the Melbourne Street Project.

4.3 Leyshon Developments No. 3 Limited

Leyshon Developments No. 3 has developed the London Woolstore Project and is developing the Palm Beach Project, and will also develop Future Projects when they arise. Leyshon Developments No. 3 currently has 35 million Shares on issue. Leyshon Corporation Limited manages the London Woolstore Project, the Palm Beach Project, and will manage any Future Projects.

Section 5 Proposed Fund Structure after Takeover

In addition to the \$74.2 million Capital Raising, the Fund has announced a Takeover bid for all of the issued units in Blue Tower Trust.

The \$74.2 million Capital Raising is not contingent on the success of the Blue Tower Trust Takeover bid. Conversely, the Takeover bid is not dependent on the success of the Capital Raising as it is a scrip takeover bid.

Blue Tower Trust owns Comalco Place which is situated at 12 Creek Street, Brisbane. The “Blue Tower” is one of Brisbane’s iconic and most successful CBD commercial office buildings comprising approximately 32,200 m² of net lettable area.

The Fund 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.

The Takeover is subject to a number of conditions including:

- the Trust must have acquired at least 90% of the Blue Tower Trust units by the end of the Takeover offer period;
- approval of Stapled Security Holders to Resolutions 2A, 2B, 2C, 3, 4 and 5A at the EGM to be held on 4 September 2006; and
- other conditions as detailed in Section 8.7 of the Bidder’s Statement.

Benefits of the Blue Tower Trust Takeover bid include:

- increased size of the Fund, which will give it increased capacity to participate in future strategic property opportunities and should produce economies of scale through reduced administrative costs and increased efficiencies;
- ownership of one of Brisbane’s iconic and most successful office buildings;
- increased percentage of the Fund’s income to be derived from stable rental income streams; and
- diversification of investment across industry sectors and multiple tenant profiles.

The offer of 2.1846 Stapled Securities for every unit in Blue Tower Trust equates to the ratio of the value of Blue Tower Trust units of \$2.3137 per unit to the value of the Fund’s Stapled Securities of \$1.0591 per Stapled Security. These values have been determined by the Directors and are based on the net assets of Blue Tower Trust and the Fund adopting current independent property valuations.

Summaries of the current independent property valuations are included in Annexure A.

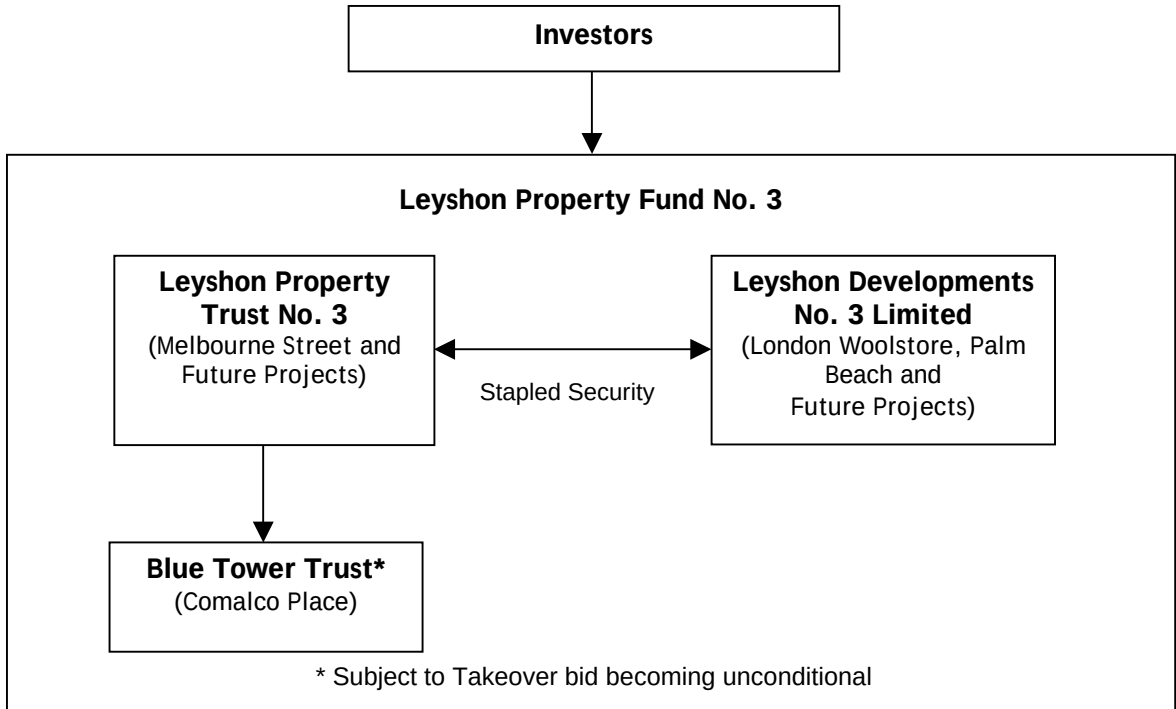
The Fund’s Takeover offer values the net assets of Blue Tower Trust at \$69.4 million being \$2.3137 per unit. This reflects Comalco Place’s current independent property valuation of \$184 million. The net asset calculation assumes that a \$2 million return of capital is paid to Blue Tower Trust Unitholders upon the Takeover becoming unconditional (or earlier at the discretion of the directors of the responsible entity of the Blue Tower Trust). This return of capital may be used by Blue Tower Trust Unitholders to assist in funding the payment of any Capital Gains Tax (“CGT”) incurred by them as a result of the Takeover. The above net asset calculation of Blue Tower Trust is also after allowing for accrued asset management fees of approximately \$17.7 million which is payable to the Blue Tower Trust asset managers, Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd in the event the Takeover becomes unconditional.

The value of the Fund’s net assets has been determined as \$37.1 million being \$1.0591 per Stapled Security.

An Independent Expert’s Report prepared by Ernst & Young Transaction Advisory Services Limited concludes that the Blue Tower Trust Takeover bid is fair and reasonable to both Blue Tower Trust Unitholders and Stapled Security Holders.

As the Trust will acquire the units in Blue Tower Trust under the Takeover, the total consideration of \$1.0591 per Stapled Security will be allocated to the units issued by the Trust with nil consideration allocated to the shares issued by the Company.

The diagram below is intended to reflect the impact of the Takeover, if successful:



Upon the acquisition of Blue Tower Trust by the Trust, the Asset Manager will earn an acquisition fee of 2% of the value of Comalco Place (current independent property valuation being \$184 million).

Section 6 The Parties

6.1 The Responsible Entity – Leyshon Corporation Limited

Leyshon Corporation Limited is the Responsible Entity of Leyshon Property Trust No. 3. On 14 May 2004 Leyshon Property Trust No. 3 was established and registered as a managed investment scheme and Leyshon Corporation Limited became the responsible entity.

The Responsible Entity holds AFSL No. 229287 issued by ASIC which authorises it to act as a responsible entity and manage the Trust. To obtain its AFSL, Leyshon Corporation Limited has demonstrated to ASIC that it is capable of undertaking the role of Responsible Entity of the Trust.

The Responsible Entity's Directors have a broad range of skills and experience in areas of expertise associated with management of the Trust. The Trust is managed by Leyshon Corporation Limited, on terms set out in the Trust Deed and the Stapling and Asset Management Deed.

The Responsible Entity is responsible for the efficient management of the Trust and its duties, responsibilities and powers are set out in the Trust Deed. The Responsible Entity must also comply with the various requirements of the Corporations Act and is required to act at all times in the best interests of Unitholders.

The Directors of the Responsible Entity are:

Neil Edwin Summerson BCom, FCA, FAICD, FAIM

Neil Summerson is Chairman of the Responsible Entity. He is a director of several public, private and government corporations and has over 35 years experience practising as a Chartered Accountant. He was a partner and Managing Partner (Queensland) of Ernst & Young and a past State Chairman of the Institute of Chartered Accountants. As a practising accountant Neil's field of expertise was in corporate reconstruction, mostly in the building and property sectors and consequently he has broad experience in property development and construction. His core strengths include strategic planning, risk management, corporate governance, regulatory compliance and financial analysis.

Geoffrey Michael McMahon BEcon, BCom, FCPA, FAICD, FCIM, F FIN

Geoffrey ("Geoff") McMahon is Managing Director of the Responsible Entity. He has been working in the property sector in excess of 15 years and is responsible for the Responsible Entity's corporate strategy, property funds management, investments and development. Geoff has been involved in approximately \$500 million of property investments and developments.

William Gerard Collins FAPI, Registered Valuer, Licensed Real Estate Agent, Registered Auctioneer, Specialist Retail Valuer

William ("Bill") Collins is a joint founding director of Collins O'Reilly Pty Ltd Property Auditors. Bill has been involved in the property industry since 1968 and has held senior management positions with corporate real estate agencies. Bill's principal activities in the commercial property sector include the development of performance strategies, divestment, acquisition, adaptive re-use and risk management.

Michael O'Reilly MIRAP, MIEF, FAPI

Michael O'Reilly is a joint founding director of Collins O'Reilly Pty Ltd Property Auditors. Michael is a Fellow of the Australian Property Institute ("FAPI") with over thirty years experience in the property industry during which he has held a number of senior management positions in Australia and South East Asia. Michael's broad range of expertise centres around investment property particularly portfolio analysis, performance strategies, risk management and tenant advocacy. Significant academic post graduate study includes Master of International Relations and Asian Politics, Master of International Economics and Finance and currently completing a Juris Doctor through the University of Queensland.

6.2 The Custodian

In accordance with the conditions of its AFSL, Leyshon Corporation Limited is required to appoint a custodian to hold the assets of the Trust separate to the assets of Leyshon Corporation Limited.

The Custodian of the Trust's assets is The Public Trustee of Queensland. A summary of the provisions of the Custody Agreement is set out in Section 11.5.

6.3 Leyshon Developments No. 3

Leyshon Developments No. 3 was incorporated as part of the Fund for the purpose of property funds management and undertaking property development projects in co-operation with Leyshon Property Trust No. 3.

The Directors have a broad range of skills and experience in property funds management and property development. Refer to Section 6 and the information below.

The Directors of Leyshon Developments No. 3 are:

Neil Edwin Summerson

Neil is Chairman of LDL3. Refer to Section 6.1.

Geoffrey Michael McMahon

Geoff is Managing Director of LDL3. Refer to Section 6.1.

William Gerard Collins

Refer to Section 6.1.

Michael O'Reilly

Refer to Section 6.1.

Robert Bryan BSc (Hons, Geology), FAusIMM

Robert ("Bob") Bryan has had a long term involvement in the mining industry in Australia and South East Asia. In 1984 Bob founded Pan Australian Mining Ltd and in the capacity as Managing Director oversaw the development of a major gold mine at Mt Leyshon. Bob is an Honorary Life Member of the Queensland Resources Council and a director of the Sustainable Minerals Institute within the University of Queensland. He is currently Chairman of the following listed companies: Pan Australian Resources Limited, Highlands Pacific Ltd and Queensland Gas Company Limited. Since selling his controlling interest in Pan Australian Mining in 1989, Bob's private company, Leyshon Pty Ltd has focussed on property investment and development.

Scott Edward Bryan BSc (Hons, Geology), PhD

Scott Bryan is a geologist, graduating from the University of Queensland with First Class Honours in Geology and obtained a PhD from Monash University. Scott was a Research Fellow at Yale University from 2003-2005 and is currently Senior Lecturer at Kingston University in the United Kingdom. Scott has been on the board of the Company since 2004 and has been involved in property funds management, development and investments through his directorship of Leyshon Pty Ltd since 2001.

Kenneth Ross Pickard BCom, FCA, MAICD

Ken Pickard is the founding partner of Pickards BDS Chartered Accountants, a regionally based Queensland firm of seven partners and approximately 100 staff providing a full range of financial services to clients. Ken was a partner of Ernst & Young from 1982, a position he held until the formation of Pickards BDS in 1996. He has over 20 years experience in business services, consulting and audit. Ken has developed a wide range of skills for the provision of accounting services and financial management advice to all business sectors including manufacturing, service marine and the property industry.

6.4 Corporate governance

Scope of responsibility of Boards

The Fund Managers have a strong commitment to the good corporate governance of both the Trust and the Company. This Section outlines key corporate governance principles that have been adopted by the Directors.

Responsibility for the Fund's corporate governance rests with the Directors of the Fund Managers. The Fund Managers' guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interests of Investors and other stakeholders.

The Fund Managers' broad functions include:

- establishing investment strategies for the Fund; and
- monitoring the implementation and execution of investment strategies and performance against financial targets.

Power and authority in certain areas is specifically reserved by the Directors of the Fund Managers consistent with the functions outlined above. These areas include:

- composition of the Boards including the appointment and removal of Directors on each of the Boards;
- overseeing the Fund's internal control, financial management, risk management, project selection and project delivery systems;
- appointment and removal of key consultants; and
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and legal and statutory compliance.

Composition of the Boards

Currently the board of the Responsibility Entity comprises four directors and the board of the Company comprises seven directors. The Fund Managers will seek to maintain this.

Code of corporate governance

Overview

The Directors of the Fund are committed to maintaining a high standard of corporate governance that yields the best results for the Fund's Investors and other stakeholders.

To achieve its objectives, the Fund endeavours to be an organisation that rewards its Investors, is responsible to its stakeholders' needs and partners with the community.

Good corporate governance is not just about compliance, but about values and behaviour. The Boards of the Fund Managers ("the Boards") have developed and implemented policies and practices which take into account the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("Principles") developed by the ASX Corporate Governance Council in 2003.

These policies are reviewed annually and their maintenance is overseen by the Boards.

A summary of the Fund's corporate governance policies and practices, organised in order of the Principles, is set out below.

Principle 1: Board and Management

This Code of Corporate Governance ("Code") sets out the key governance principles adopted by the Boards in governing the Fund. The Code recognises the fundamental difference between the Boards' roles and responsibilities and that of management – the Boards' main role is to set corporate strategy and goals with management being responsible for their implementation.

Principle 2: Board Structure

The Board of the Responsible Entity has four Directors (including the Chairman) one of whom is a non-executive Director. The LDL3 Board has seven Directors (including the Chairman) four of whom are non-executive Directors.

Every Director and Committee of the Boards has the right to seek independent professional advice in connection with carrying out their duties at the expense of the Fund. Written approval of the Chairman is required prior to a Director seeking independent professional advice.

The Fund does not consider that a Director's independence, age or length of service on the Boards is a factor affecting a Director's ability to act in the best interests of Investors and the Fund.

Principle 3: Ethical and Responsible Decision Making

The Fund's Code sets out the principles which all Directors are expected to uphold in order to promote the interests of the Fund and its Investors and drive its relationships stakeholders and the community. Through training and enforcement of the Code, the Fund actively promotes ethical and responsible decision-making within the Fund.

Principle 4: Financial Reporting

The Managing Director and Financial Controller must annually state in writing to the Boards that the Fund's annual audited statutory financial reports present a true and fair view, in all material respects, of the Fund's financial position and operational results in accordance with the relevant accounting standards.

The Fund's Audit and Risk Management Committees operates under a written charter approved by the Boards. The Audit and Risk Management Committee's are charged with making recommendations to the Boards on the adequacy of the external audits and the independence of the external auditors, internal audits, and risk management and compliance procedures. Leyshon Corporation Limited's Audit and Risk Management Committee also monitors and liaises with the Responsible Entity's Compliance Committee to ensure that the conditions of the Responsible Entity's AFSL are adhered to at all times.

Principle 5: Timely and Balanced Disclosure

The Fund is committed to keeping the market informed of all material information and enhancing its communication with the market, thereby ensuring its compliance with legal requirements.

The Fund is committed to creating and maintaining an informed market in its Stapled Securities and enhancing corporate governance by encouraging a culture of transparency in relation to its corporate activities. The Fund will also provide relevant information to media organisations, to ensure the broadest possible communication with investors and the general market.

The Fund's Managing Director and Company Secretary are responsible for communications with BSX.

Principle 6: Respect Rights of Investors

The Fund will promote effective communication with investors, by providing them with ready access to balanced, understandable information about the Fund and encourage their participation at general meetings.

Principle 7: Recognise and Manage Risk

The Boards believe that risk management is a critical part of the Fund's operations and a comprehensive risk management program has been developed. Management of risk is a key function of the Audit and Risk Management Committees under their charters.

Principle 8: Management Effectiveness

An annual performance review will be conducted for any employees.

Principle 9: Remuneration

The Fund currently does not have a formal Remuneration and Nomination Committee. The Boards discharge its responsibilities regarding the public reporting of remuneration information, appropriate Board composition, compensation of non-executive Directors and other matters.

Principle 10: Interests of Stakeholders

All Directors are expected at all times to uphold the Fund's Code of Corporate Governance in order to promote the interests of the Fund and its Investors and to drive its relationships with investors, stakeholders and the community.

Compliance Committee

The Responsible Entity has established a compliance plan for the Trust. Compliance issues are monitored and managed by the Compliance Committee in accordance with the compliance plan. The majority of the Compliance Committee members are persons who are external and unrelated to the Responsible Entity and whose role is to supervise the Responsible Entity's compliance with the compliance plan and the Corporations Act.

The Compliance Committee reports to the Responsible Entity's board and if necessary, ASIC, in relation to compliance issues.

The members of the Compliance Committee are:

- Norbury Rogers (Chairman);
- Karen Prentis; and
- Geoff McMahon.

The functions of the Compliance Committee are governed by the Trust's compliance plan. The compliance plan was registered and approved by ASIC prior to registration of the Trust. Functions of the Compliance Committee as set out in the compliance plan for the Trust are:

- monitor to what extent the Responsible Entity complies with the compliance plan and report its findings to the Directors of the Responsible Entity at such times it considers necessary or desirable or the Directors of the Responsible Entity require;
- as soon as practicable report to the board of the Responsible Entity any breach of the Corporations Act involving the Trust or a provision of the Trust Deed of which it becomes aware or that it suspects;
- as soon as practicable report to ASIC if the Compliance Committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate action to deal with any matter so reported;
- assess annually (unless otherwise determined by the Compliance Committee) whether the compliance plan is adequate;
- report on the adequacy of, and make recommendations to the board of the Responsible Entity about amendments to the compliance plan at such times as it considers necessary or desirable; and
- do such other things as the Corporations Act requires.

In carrying out its functions, the Compliance Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Trust.

The duties of the members of the Compliance Committee are to the extent that the Corporations Act and ASIC policy require, the Compliance Committee members must:

- act honestly;
- exercise the degree of care and diligence that a reasonable person would exercise if they were in the member's position;
- not make use of information acquired through being a Compliance Committee member to either gain an improper advantage for the member or another person or cause detriment to the Trust;
- not make improper use of their position as a Compliance Committee member to gain (directly or indirectly) an advantage for themselves or for any other person or cause detriment to the Trust;
- do such other things as the Corporations Act requires them to do, and not do such things as it prohibits them from doing; and
- take all reasonable steps to assist ASIC in carrying out a check under the Corporations Act.

Fund Audit and Risk Management Committees

Leyshon Developments No. 3 and the Trust have established Audit and Risk Management Committees to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Fund. The members of the committees are:

- Neil Summerson (Chairman); and
- Bill Collins.

The committees perform a variety of functions relevant to risk management and internal and external reporting and reports to the Boards following each meeting. Among the matters for which the committees are responsible include the following:

- review of the internal control framework including management information systems;
- corporate risk assessment and compliance with internal controls;
- review of the internal audit function and management processes supporting external reporting;
- review of financial statements and other financial information distributed externally;
- review of the effectiveness of the audit function;
- review of the performance and independence of the external auditors;
- review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls;
- assessing the adequacy of external reporting for the needs of Investors; and
- monitoring compliance with the codes of ethics.

Meetings will be held at least twice each year and the committees may invite the external auditors to attend.

6.5 The Asset Manager

Skills and experience of the Asset Manager

The Asset Manager of the Melbourne Street Project, London Woolstore Project, The Palm Beach Project and Future Projects is Leyshon Corporation Limited.

The Asset Manager manages the London Woolstore Project on behalf of Leyshon Developments No. 3 and the Melbourne Street Project as part of its role as Responsible Entity and manager of the Trust.

The Asset Manager's Directors and officers have a wide variety of skills and experience in areas critical to the successful acquisition, management and ultimate sale of the Projects including property acquisition, valuation, financial analysis, loan structuring, marketing, selling and investment management. The Asset Manager's focus is on maximising the return to Investors.

The Asset Manager's role

The Asset Manager is responsible for the overall management of the Projects. It has a range of duties, responsibilities and powers, which are set out in the Stapling and Asset Management Deed. Refer to Section 11.4.

The Asset Manager's remuneration

The Asset Manager's remuneration is detailed in Section 11.4.

The Asset Manager is also entitled to be reimbursed for any costs or expenses incurred in respect of managing the Projects.

Termination of the Asset Manager

The Asset Manager's roles and responsibilities are governed by the terms of the Stapling and Asset Management Deed. The asset management arrangement in the Stapling and Asset Management Deed will terminate by mutual agreement of all parties or where there is an event of default. An event of default includes where the Asset Manager or any other party breaches any provision of the asset management provisions of the Stapling and Asset Management Deed and that breach is not remedied or is incapable of being remedied within a total of ten business days of notification of the breach.

The Asset Manager's fee on termination is detailed in Section 11.4.

6.6 Asset Manager – strengths and achievements

The Asset Manager is a successful and reputable property funds manager. It commenced operations in 2002 and specialises in property funds management, investments and developments.

Historically the Directors of the Asset Manager have been involved in the management, investment and development of substantial properties in the commercial office, residential, industrial, retail and retail warehouse sectors.

The Asset Manager's strategic plan is to continue to grow and be regarded as a reputable and successful property funds manager with a portfolio of quality assets and investments and a strong balance sheet. Its vision is to create benchmarks for reputation, excellence and customer service in property funds management, investment and development.

Values central to the Asset Manager's business include:

- investors and customers first;
- passion in all that it does;
- team approach;
- integrity; and
- professionalism.

The Directors of the Asset Manager have a wealth of experience in property funds management, investment and development of commercial office, retail, industrial, retail warehouse and residential projects. A sample of the significant projects, in the various property sectors mentioned above, in which the Directors of the Asset Manager have been involved include:

Comalco Place, Blue Tower, 12 Creek Street, Brisbane CBD
In 2003 Blue Tower Trust acquired Comalco Place, a 37 level commercial office 'trophy' building located in the heart of Brisbane's 'golden triangle'. Leyshon Corporation Limited is the Responsible Entity of Blue Tower Trust ARSN 109 093 852. Refer Section 7 for further details. Investment value: \$184 million. (Refer to Annexure A)
CPA Centre, 307 Queen Street, Brisbane CBD
In 2002 307 Queen Street Trust was established to acquire this 29 level commercial office building which is also located in the heart of Brisbane's 'golden triangle'. 307 Queen Street was the subject of a successful refurbishment and re-leasing program. The building was sold in October 2005. Investment value: \$85.3 million.
Regatta Riverside, Toowong, Brisbane
A 183 residential apartment development featuring prime river and city views. The project was completed in late 2003. Investment value: \$70 million.
St George Bank House, 10 Felix Street, Brisbane CBD
This 13 level commercial office building was purchased in 1998 and following a refurbishment and re-leasing campaign, was sold in June 2001 with all tenancies occupied. Investment value: \$14 million.
William Jolly Place, North Quay, Brisbane
The former Australia Post State Parcel Centre was purchased in 1999. Half of the site was developed into a storage centre with the remaining 3,500 m² of floor space refurbished and leased as commercial office space. William Jolly Place was sold in June 2000. Investment value: \$15 million.
Indooroopilly Central, Indooroopilly, Brisbane
A retail warehouse/storage development at Moggill Road, Indooroopilly comprising 10,800 m² of retail warehouse and a 5,500 m² storage centre. Indooroopilly Central was sold in July 1998. Investment value: \$27 million.
Kingshome Apartments, Taringa, Brisbane
A residential apartment development at Swann Road, Taringa comprising 80 apartments. The development was completed in June 1998. Investment value: \$30 million.

Section 7 The Projects

BLUE TOWER TRUST – PROPOSED TRUST PROJECT IF THE TAKEOVER BECOMES UNCONDITIONAL

7.1 Project details

If the Takeover becomes unconditional (refer to Section 5), the Trust will own the units in Blue Tower Trust which owns Comalco Place (“Blue Tower”) a building situated at 12 Creek Street Brisbane which is one of Brisbane’s CBD iconic commercial office buildings.

The property is well located in Brisbane’s “golden triangle” CBD precinct on the corners of Charlotte, Creek and Elizabeth Streets. It is located approximately 150 metres from the GPO and provides close proximity to both the financial and retail sectors of the Brisbane CBD.

The property consists of a 37 level commercial office building and a separate two level annexe building. The main office tower has 32 stories of offices, ground floor lobby and retail, and four levels of basement car parking comprising approximately 308 carparks. Net lettable area is approximately 32,200 m². The property was opened in 1984 and has been continually refurbished and maintained to a high standard of finish and services. It was originally built and owned by AMP Limited until November 2003 when it was purchased by Blue Tower Trust and managed by interests associated with the Asset Managers.

The building’s foundations are bored piers, pre-cast concrete piles, reinforced concrete footings and foundations. The floors are reinforced concrete slabs with reinforced concrete framing throughout. The external walls are aluminium framed curtain wall façade incorporating its distinctive reflective blue glass which gives the building its colloquial name of Blue Tower. The windows are aluminium framed windows with full height frameless glazing to the ground level of the main office tower and the annexe building. The roof is sealed concrete with metal deck cladding to the roof top plant rooms. Awnings are steel framed with clear glazing to the main entry from the corner of Creek and Charlotte Streets.

The building is fully air conditioned with roof top air conditioning plant servicing the office accommodation, foyer and ground level retail tenancy. The annexe building is serviced by an independent air conditioning system.

The building has 13 lifts, with five lifts servicing levels 1-15, six lifts servicing levels 17-32 (with one of these lifts also providing access to the car park and plant room floors) and a single lift operating between the ground level and the car park. A separate goods lift services all levels.

Three stand-by diesel generators provide full emergency power to the building.

The building is fully fitted with automatic fire sprinklers, break glass alarms, hose reels, hydrants and smoke detectors. Fire extinguishers are also located throughout the building.

Automated building management and security systems are installed throughout the building including camera surveillance units, security patrols and security proximity card access systems for both after hours access and basement level car parking facilities.

Blue Tower is one of Brisbane’s best known commercial office buildings and has an excellent reputation established over its 22 year history. The property would justifiably become a flagship asset of the Fund should the Takeover be successful.

Investment value: \$184 million. Refer Annexure A.

7.2 Lease profile

The property is currently fully occupied and has a number of leading companies as its tenants including Comalco Limited, Worley Parsons, AGL, Reserve Bank of Australia, Macquarie Bank, Enertrade, Optus, Japanese Consulate, Thynne & Macartney, Ergon, Leyshon, BankWest and Wilson Carparking. The weighted average remaining lease term is 5 years.

7.3 Project funding

Upon the Takeover becoming unconditional Blue Tower Trust will be financed by investors' equity and bank debt of approximately \$114 million. The debt facility expires on 31 October 2008. The interest rate on \$91.5 million of the debt facility has been fixed until 31 October 2008. The interest rate on the remaining \$22.5 million of the debt facility is to be negotiated. Security on the debt facility is a fixed and floating charge over the Responsible Entity acting in its capacity as trustee of the Blue Tower Trust and a registered first mortgage over Comalco Place.

MELBOURNE STREET – TRUST PROJECT

7.4 Project details

The Melbourne Street Project is a quality commercial office building which was constructed in 2004. It is located in Brisbane's South Bank precinct adjacent to the Brisbane Convention Centre between West End and the CBD of Brisbane.

Developed on a prime 2,700 m² site in South Brisbane, the Melbourne Street Project is a five level office building comprising net lettable area of approximately 6,200 m².

With a 90 metre frontage to Melbourne Street, this striking low rise building has been designed by leading architects, Peddle Thorp to capitalise on its main street location. The primary design function of the building was to blend into an historic boulevard precinct that is not only the arts centre of Brisbane but also forms a major gateway to the CBD. Local area planning by Brisbane City Council demanded that the building contribute and add to the overall precinct character.

The choice of red brick as the principal façade feature was bold and innovative for the current era and yet sympathetic and in harmony with the South Brisbane of the past. Together with its elevated colonnades, external balconies and landscaping treatments, 99 Melbourne Street delivers a distinctive and timeless landmark eminently fit for the precinct.

The spacious floor plates with minimal intrusion of columns provide tenants with flexibility in office design and fitout. The inclusion of a café at ground level further enhances the overall amenity for the building's tenants as well as pedestrians and other local users within the precinct. In addition to the ground level café, carparking for approximately 34 cars, generous bicycle parking and shower facilities are located on the ground level.

During 2005 AbiGroup (builder of the Melbourne Street Project) won the Queensland Master Builders Award for commercial office construction over \$10 million, while Leyshon Developments Pty Ltd as the developer was awarded a High Recommendation in the Property Development category of the Australian Property Institute Awards. The project was also a finalist in the 2006 Property Council of Australia Rider Hunt Queensland Awards.

Investment value: \$30 million. Refer to Annexure A.

7.5 Lease profiles

The building is fully occupied with tenants including Stockland Development, Keilar Fox and McGhie, Lumley Insurance, Conrad Gargett Architects and Austcover. The weighted average remaining lease term is 6.5 years.

7.6 Project funding

The Melbourne Street Project is financed by investors' equity plus bank debt of approximately \$16 million. A five year interest only debt facility is in place which expires on 31 December 2009. The Asset Manager has fixed the interest rate on the debt facility until 31 December 2009. Security on the debt facility is a fixed and floating charge over the Responsible Entity acting in its capacity as trustee of the Trust and a registered first mortgage over Melbourne Street.

LONDON WOOLSTORE – COMPANY PROJECT

7.7 Project details

The London Woolstore Project comprises three separate buildings.

The London Woolstore Project involved the conversion and refurbishment of an early 1900's four storey former Woolstore building into 89 residential apartments, car parking and nine ground level retail shops. Construction commenced in December 2004 and was completed in January 2006. The building structure is heritage listed and could not be demolished or altered in any significant way, therefore, the apartments have been built within the existing structure.

In addition to the main woolstore building, the site also includes two smaller buildings (heritage listed) which are presently leased to various tenants for professional offices. They have been refurbished into warehouse style office accommodation. These two buildings are under contract for \$5.7 million with settlement by September 2006.

The total area of the site is 7,034 m². It is well located very close to the Brisbane River in the heart of Teneriffe. The main woolstore building is an attractive and imposing landmark in the area. This part of inner Brisbane was originally an industrial area but in the last five years has become a very popular and fashionable residential address.

As at 19 July 2006, 43 apartments had settled, 12 apartments were subject to an unconditional contract of sale and 1 apartment was subject to a conditional contract for sale. The 30 remaining apartments are available for sale and are being actively marketed.

The apartments are 'warehouse' style and include the original building walls, windows and ceilings. They have the high ceilings, exposed brickwork and polished timber floors typical in buildings of this nature. Contemporary style kitchens and bathrooms are installed in each apartment. All apartments are air-conditioned and have a fire safety sprinkler system throughout. A central atrium traverses the full length of the building which provides light, fresh air and access to the rear of the apartments. Each apartment has at least one ground level car park.

As at 19 July 2006, five of the ground level retail shops had settled and four were subject to a conditional contract of sale.

The project was developed pursuant to the London Woolstore Development Agreement. Refer to Section 11.6 for details of the London Woolstore Development Agreement.

7.8 Project revenue

The apartment mix comprises 30 one bedroom apartments priced between \$265,000 and \$295,000, 48 two bedroom plus study or three bedroom apartments (all two level) priced between \$450,000 and \$530,000, nine top floor three bedroom apartments between \$645,000 and \$700,000 and two large penthouse apartments at \$800,000 and \$1 million each.

The nine retail shops at ground level range in size between approximately 40 m² and approximately 140 m² and have been sold on average for \$500,000 each.

The project's total revenue is approximately \$48 million.

7.9 Total Development Cost

The Project's Total Development Cost is approximately \$45.8 million.

7.10 Project funding

Financing has been arranged by Leyshon Properties Pty Ltd as trustee for the London Woolstore Trust. St George Bank Limited has provided a debt facility of approximately \$31.9 million to fund the balance of the project's Total Development Cost. As sales of apartments and retail/commercial units settle, this loan is progressively being paid out.

Leyshon Pty Ltd and Leyshon Properties Pty Ltd in its own capacity have provided corporate guarantees to St George Bank Limited as part of the bank's security for the debt facility. On completion of the project, \$300,000 will be available to Leyshon Properties Pty Ltd as a guaranteed return for this project (being a minimum return reflective of the provision of the corporate guarantee to St George Bank Limited).

PALM BEACH – COMPANY PROJECT

7.11 Project details

On 27 May 2005, Leyshon Palm Beach Developments Pty Ltd, a wholly owned subsidiary of Leyshon Developments No. 3 Limited, acquired the Palm Beach Plaza Shopping Centre for approximately \$11.6 million (including acquisition costs).

The Palm Beach Project property is situated on the corner of the Gold Coast Highway, Fourth Avenue and Fifth Avenue, Palm Beach, Gold Coast. The site comprises two lots totalling 9,819m² and currently operates as the Palm Beach Plaza Shopping Centre.

The current shopping centre has a Bi-Lo supermarket as an anchor tenant, along with other ancillary tenants. The centre is in need of redevelopment and has a number of vacant tenancies.

The site is approximately 50 metres from the beach and nearby is a large hotel, post office, Queensland Government Community Health Centre, Centrelink Office, childcare centre and numerous small businesses, restaurants and cafés.

Leyshon Palm Beach Developments Pty Ltd and Leyshon Corporation Limited have entered into the Palm Beach Development Agreement with Palm Beach Developments Pty Ltd, the former owner of the property. Under the terms of the Palm Beach Development Agreement, Leyshon Palm Beach Developments Pty Ltd will develop the land and Palm Beach Developments Pty Ltd will provide loan funding of at least \$3 million. This loan funding entitles Palm Beach Developments Pty Ltd to a share of the project's profits in the form of an after tax fully franked distribution based on the proportion of funding provided by them. Refer to Section 11.7.

7.12 Project revenue

Projected rents for the retail shopping centre component of the project are between \$400 per m² and \$600 per m² per annum. On completion it is expected that the shopping centre will be either held by the Trust or sold as a single holding for a price in excess of \$20 million.

Bi-Lo currently has a lease for a supermarket of approximately 2,200 m². It is intended that this lease will be varied and the store will become a Coles supermarket.

The following tenants have agreed to enter into leases in the redeveloped retail component of the site as follows:

- Newsagent – 200m²; and
- Pharmacy – 200m².

Further, it is anticipated that other prospective tenants such as cafés, restaurants, banks, a medical centre and bakery who have expressed strong interest, will enter into lease agreements.

Rents for tenancies, other than the supermarket, in the proposed shopping centre should range between \$400 per m² and \$600 per m² per annum depending on their size and position in the centre.

The proposed apartment mix comprises 104 apartments in stage one and 90 apartments in stage two. Stage one prices average \$300,000 for one bedroom apartments, between \$370,000 and \$600,000 for two bedroom apartments and between \$1 million and \$1.25 million for large top floor two level penthouses.

Stage two prices are approximately 5% higher than stage one rates.

It is expected that the project's management rights will be sold for approximately \$3 million.

The project's total revenue including GST is expected to be approximately \$113 million.

7.13 Total Development Cost

Stage one of the proposed project involves the demolition of the existing buildings on the rear half of the site. Construction will then commence on the basement car parks, the new Coles supermarket, approximately 1,100m² of new retail shops and the first residential building. Whilst stage one is being built, the existing shopping centre site will continue to operate. When stage one is complete, the supermarket and other pre-committed retailers will relocate to their new premises.

Stage two comprises demolition of the old Bi-Lo supermarket, construction of the balance of the basement carparks, the ground level retail shops and the second main residential building of 90 apartments.

Construction of the project in two stages is expected to take two years following development approval. It is expected the project should be completed by mid 2009.

The project's Total Development Cost including land is estimated to be approximately \$91 million.

7.14 Project funding

The acquisition of the site has been financed using the Fund's equity of approximately \$3.8 million and a debt facility of approximately \$7.8 million.

The construction debt facility is planned to be arranged once sufficient pre-leasing and pre-sales contracts are secured.

The development will be financed by approximately \$69 million debt once the threshold pre-leasing and pre-sales targets are met.

FUTURE PROJECTS

7.15 Strategy for Future Projects

The Fund Managers intend to utilise the majority of the Capital Raising for Future Projects that satisfy the Fund's investment strategy and its project selection process and criteria as detailed in Section 7.16 and 7.17.

After completion of the Offer, the Fund will have cash reserves of approximately \$67 million, some of which will be used as equity for the acquisition of Future Projects. In addition, on the completion of the London Woolstore Project, proceeds from that project (being that project's initial equity and after tax profits) will be utilised to assist with the financing of Future Projects.

It is anticipated that Future Projects will be undertaken by both the Trust and the Company.

In addition to acquiring long term passive property investments and development projects, both the Trust and the Company respectively, may invest in other property trusts and development companies.

7.16 Project selection process

The Responsible Entity and the Company have established a project selection committee to source, analyse and select Future Projects for consideration for acquisition and development. This committee currently comprises Geoff McMahon, Michael O'Reilly and Bill Collins.

Future Project opportunities will be identified and assessed by the project selection committee and will require approval of the Fund Managers' Directors.

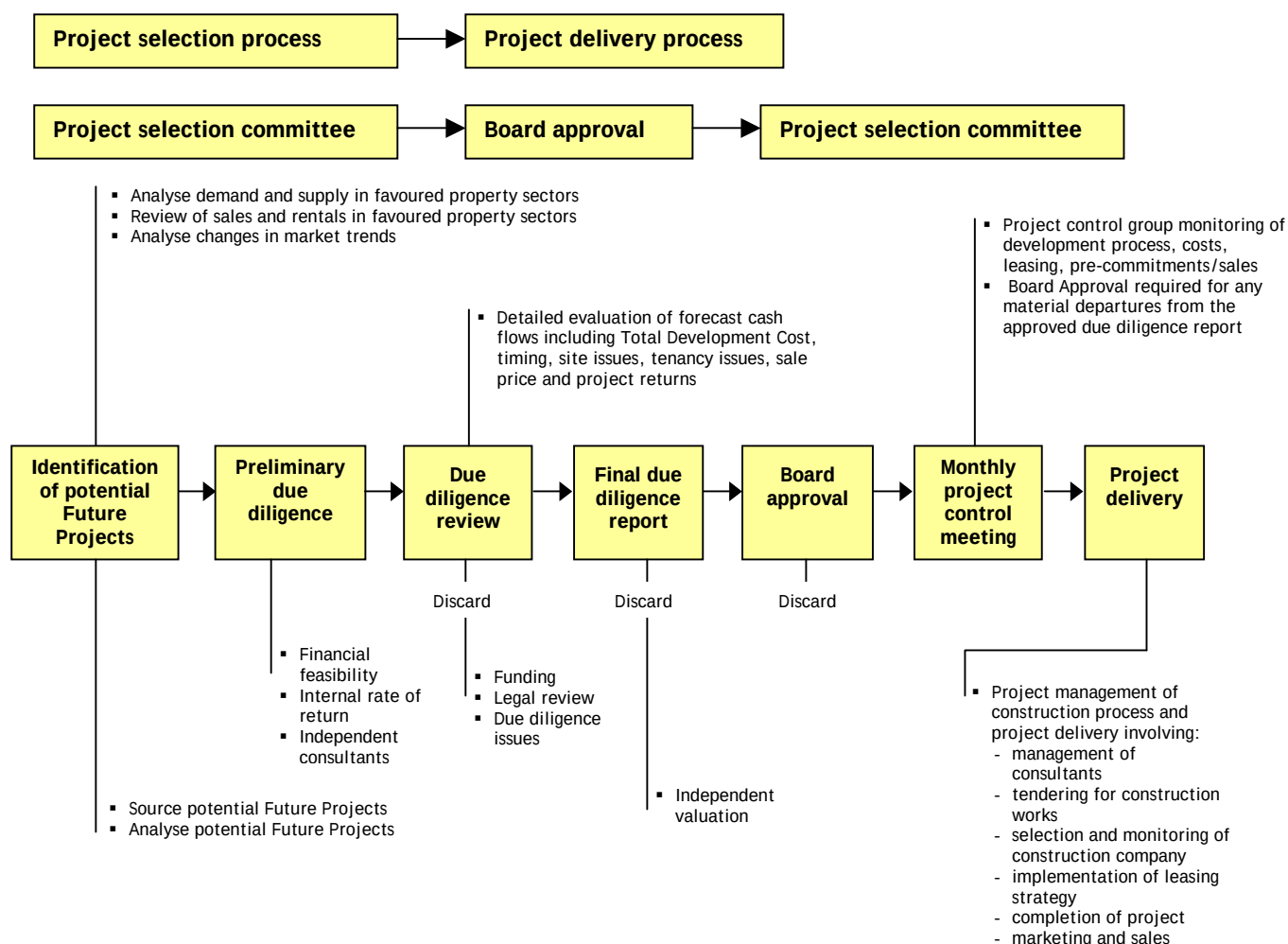
The Asset Manager's primary business activity is property funds management, investment and development. They have achieved significant success and gained a reputation for quality products in the property funds management, investment and development industry. Much of this success can be attributed to their disciplined, focused and professional approach in their due diligence and management procedures.

A thorough due diligence study will be conducted and an investment report prepared for every Future Project. A detailed investment report will be submitted by the project selection committee to the Fund Managers' Directors for approval prior to signing any unconditional contractual commitments in relation to a Future Project. Each due diligence report must address, as appropriate, the following areas:

- financial feasibility;
- internal rate of return;
- compliance with project selection criteria;
- financing;
- income analysis;
- tenancy schedule and profile;
- construction cost;
- Total Development Cost;
- sales and marketing;
- market research;
- town planning;
- risk analysis;
- demand and supply analysis;
- macro-economic outlook; and
- demographic trends.

The Fund Managers have a structured approach to risk management which is effectively achieved by implementing a series of proven strategies and controls. The project selection and project delivery process is shown in the diagram on the following page.

FUTURE PROJECT SELECTION AND PROJECT DELIVERY PROCESS



7.17 Project selection criteria

The Fund Managers are focussed on building a quality portfolio of property investments that will produce long term capital growth and stable rental income streams. High risk, high return projects will not be considered.

Potential returns must be sufficient to compensate for the risks of undertaking the Future Project, with the objective being to maximise returns while preserving and protecting Investors' funds.

The Fund Managers will focus on market sectors and geographical areas in which it has previous knowledge and expertise.

Favoured property sectors will vary from time to time according to the demand and supply of each particular market and prevailing economic conditions. Future Projects will be considered in the following property sectors:

- commercial office;
- industrial;
- retail warehouse;
- residential apartments; and
- retail.

It is unlikely that Future Projects of a size less than a Total Development Cost of \$20 million will be considered by the Fund Managers.

Whilst acknowledging the importance of a property's position and location, the Fund Managers' philosophy is that timing is critical to the success of a property project. Future Projects will be targeted that represent niche opportunities. The timing of the economic and property cycles and their impact on a Future Project's specific property sector is considered paramount in the due diligence acquisition process.

Future Projects will be assessed on their risk return profile and the specifics of each opportunity. However, each opportunity will be assessed on the following investment parameters:

- risk return profile;
- prevailing market conditions, in particular, demand versus supply and competing products in the project's specific market;
- forecast internal rate of return on equity invested;
- funding requirements; and
- sensitivity to interest rate changes, rate of sale, capitalisation rates, construction costs, etc.

The Fund Managers will consider joint venture property projects with reputable partners if that Future Project meets the Fund's project selection criteria. The Fund Managers have successfully completed a number of joint venture property projects in the past.

A Future Project's level of bank debt is dependent on factors such as the levels of pre-sales and pre-leasing. A project that has no pre-sales or pre-leasing is initially unlikely to have bank debt of more than 50% of Total Development Cost. A project that has 100% pre-sales or pre-leasing may have bank debt as high as 80% of Total Development Cost. Wherever possible and appropriate, the Fund Managers will adopt an interest rate risk management policy, for example, utilising interest rate swaps to minimise exposure to rising interest rates on bank debt. It is generally not appropriate to adopt such a policy on borrowings for development projects, which are of a shorter term than property investment projects.

It is likely that a Future Project will be supported by an independent valuation prior to the execution of an unconditional contract of purchase.

The Fund Managers have access to extensive research facilities and these are accessed and used in the due diligence process for every Future Project. The Fund Managers also use the services of independent consultants, both during the due diligence process and during the project delivery process.

In addition to the above project selection process and risk minimisation strategies, the Fund intends to adopt the corporate governance principles as detailed in Section 6.4.

Section 8 Risk Factors

8.1 Factors influencing success and risk

This Section identifies the areas that are believed by the Fund Managers to be the major risks associated with an investment in the Fund.

The Company and the Trust are subject to risks, both specific to their projects and of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the Trust and the value of an investment in the Fund. There can be no guarantee that the Company or the Trust will achieve their stated objectives or that any forward looking statements or forecasts will eventuate. An investment in the Fund should be considered in light of relevant risks, both general and specific. Each of these risks set out below could, if it eventuates, have a material adverse impact on the Company's and the Trust's operating performance and profits, and the market price of the Stapled Securities.

Before deciding to invest in the Fund, potential investors should:

- read this entire Offer Document;
- consider the assumptions underlying the forecasts, the sensitivity analysis and the risk factors that could affect the financial performance of the Fund;
- review these factors in light of their personal circumstances;
- read the Bidder's Statement (in the case of the Blue Tower Trust Unitholders);
- read the Notice of EGM (in this case of Current Investors); and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

8.2 Specific business risks

Investments in the Fund are subject to specific investment risks, including possible delays in repayment and loss of equity invested. The Fund Managers do not guarantee the forecast Returns, repayment of equity or the performance of the Fund.

The Fund Managers' investment philosophy is to provide Investors with an opportunity to participate in both property investment and development, which jointly have an acceptable return relative to the investment risks. The Fund Managers' aim is to achieve this by actively managing the various investment risks.

The Fund Managers have attempted to incorporate some protection from the investment risks and to the extent set out below, have mitigated the impact these risks may have on an investment by an Investor.

An analysis of some of the specific business risks facing the Fund are shown below.

RISK	MITIGATING FACTOR
Melbourne Street Project	
Leasing risk <i>The Asset Manager is unable to lease the building on suitable terms</i>	The project's most significant risk is the attraction and retention of tenants on appropriate lease terms. Leases for 100% of the building's net lettable area have been executed. The default rate by tenants in the Fund's commercial office portfolio is negligible.

RISK	MITIGATING FACTOR
Melbourne Street Project (continued)	
Sales risk <i>The property is unable to be ultimately sold at an acceptable sale capitalisation rate</i>	It is anticipated that the property's prime location, lease tenure and terms, and attractive tax depreciation deductions will make a possible future sale of the building attractive to a superannuation fund, property syndicate, institutional purchaser or owner occupier and support an acceptable sale capitalisation rate.

RISK	MITIGATING FACTOR
London Woolstore Project	
Sales risk - residential apartments <i>Revenue falls short of expectations/ rate of sale is slower than forecast</i>	Significant sales which are in line with the feasibility have already been achieved which substantially mitigates this risk.
Sales risk - retail <i>The retail property is unable to be ultimately sold at the forecast sale capitalisation rate</i>	Significant sales which are in line with the feasibility have already been achieved which substantially mitigates this risk.
Sales risk - commercial <i>The commercial property is unable to be ultimately sold at the forecast sale capitalisation rate</i>	The commercial property is subject to a conditional sales contract which is in line with the feasibility.

RISK	MITIGATING FACTOR
Palm Beach Project	
Development application/ town planning risk <i>Development application cannot be obtained</i>	The Gold Coast City Council have issued draft development application conditions. The draft conditions are consistent with the parameters of the Project's feasibility.
Construction cost risk <i>The construction cannot be completed within projected costs</i>	Significant due diligence has been undertaken by the Company and its consultants with respect to the construction costs. The cost projections include a reasonable allowance for further construction cost price rises and a construction cost contingency, based on current industry trends and standards.
Sales risk - residential <i>Revenue falls short of expectations/ rate of sale is slower</i>	The Company has considered a number of factors to mitigate this risk. The sale price of the residential units will be such that the price range will make them affordable to a broad market sector. Further, the selling price rates per m ² are comparable with other similar projects on the Gold Coast. Demand for residential units, such as this Project, is being driven by the increasing Gold Coast population.

RISK	MITIGATING FACTOR
Leasing risk - retail <i>The Asset Manager is unable to obtain leases on suitable terms</i>	The Project's anchor tenant has executed an agreement to lease in line with the feasibility. Advanced negotiations are continuing with other retail tenants. The commitment of an anchor tenant is expected to be an attraction for new tenants.
Sales risk - retail <i>The retail property is unable to be ultimately sold at the projected sale capitalisation rate</i>	It is anticipated that the proposed retail centre and its prime location will make it attractive to a superannuation fund, property syndicate or institutional purchaser and support the projected sale capitalisation rate.

RISK	MITIGATING FACTOR
Future Projects	
Acquisition of a Future Project risk <i>The Asset Manager is unable to acquire Future Projects</i>	The Asset Manager continually accesses numerous property opportunities through its extensive network of contacts. A number of potential Future Projects are currently being assessed by the Asset Manager's project selection committee.

RISK	MITIGATING FACTOR
All Projects	
Interest rate risk <i>Rising interest rates will adversely affect Investors' returns</i>	The Responsible Entity will adopt an interest rate risk management policy for long term passive property investment projects owned by the Trust using financial products such as interest rate swaps to minimise exposure to rising interest rates. It is generally not appropriate to adopt such a policy on borrowings for development projects, which are of a shorter term than property investment projects.
Management risk <i>The Asset Manager fails to appropriately manage the Projects</i>	The Asset Manager is very experienced and skilled in project structuring and delivery and has the capacity and capability to maximise investment outcomes. The obligations of the Asset Manager are set out in the summary of the Stapling and Asset Management Deed. Refer to Section 11.4.
Legal and taxation risk <i>Adverse consequences to investments can occur because of amendments to statutes and regulations affecting them</i>	Taxation information contained in this Offer Document is based on current tax law. The law may be changed at any time or new decisions or determinations may alter the way the law is generally interpreted. Taxation law is constantly under review and being amended. The Fund Managers recommend Investors obtain their own professional taxation advice.

8.3 Reliance on management expertise

The Fund Managers' experience in property funds management, investment and development is founded upon the expertise of the Directors who have a wide variety of skills and experience in areas critical to the success of the Fund.

Many of the Directors have worked together for more than 10 years and have significant investments in the Fund.

Key persons involved in the management of the Fund are committed to associated entities of the Asset Manager. Whilst change in some responsibilities may occur over time, the Asset Manager has plans in place so that experienced key persons will continue the quality service and expertise currently delivered in the management of the Fund.

8.4 General investment risks

Property

The risks commonly associated with property investment and development apply to an investment in the Fund. These potential risks include forecast assumptions not eventuating.

The Fund will be affected by the risk of fluctuating property values due to a range of factors including:

- a general downturn in the property market; or
- a downturn in the Australian and global economies generally.

Macro-economic conditions

The Fund's operating and financial performance will be influenced by a variety of macro-economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in macro-economic conditions, including a major and protracted recession or an increase in interest rates, could be expected to have an adverse impact on the Fund's operating and financial performance.

Regulation and publicity

Changes to the regulatory environment for the financial services industry or the property funds management industry and/or any adverse publicity may impact on the Fund.

These factors could affect the Fund's return.

Share market investments

It is important to recognise that, as the Stapled Securities are quoted on BSX, their market price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop or be maintained for the Stapled Securities.

Factors affecting the price at which the Stapled Securities are traded on BSX could include domestic and global economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and the rate of inflation. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Stapled Securities.

Taxation risks

Any change to the current taxation regime may affect Stapled Security Holders. Tax liabilities are the responsibility of individual Stapled Security Holders. The Fund and the Directors are not responsible for either taxation or penalties incurred by individual Stapled Security Holders.

General

Stapled Securities offered under this Offer Document do not carry any guarantee with respect to return on capital, payment of distributions or the price at which they will trade on BSX. If you are in doubt as to whether you should accept the Offer, you should consult with your stockbroker, accountant or other financial adviser.

Section 9 Financial Information

9.1 Overview

This Section sets out financial information including forecast financial information for the Fund and Merged Fund.

The financial information set out in this Section 9 includes:

- LPF3 income statement and balance sheet for the half-year ended 31 December 2005;
- source and application of funds;
- forecast LPF3 income statement and balance sheet assuming the Takeover is **NOT** successful i.e. Blue Tower Trust in **NOT** included; and
- forecast Merged Fund income statement and balance sheet assuming the Takeover **IS** successful i.e. Blue Tower Trust **IS** included.

The forecast financial information in this Section must be read in conjunction with the assumptions and risk factors set out in this Offer Document. Whilst the Directors believe that the assumptions and risk factors are appropriate and reasonable as at the date of this Offer Document, some factors that affect the actual results cannot be foreseen and accurately predicted. Many of these factors are beyond the control of the Fund Managers. Consequently the Fund Managers cannot guarantee that the results in the forecast financial information will be achieved. Investors are advised to consider assumptions, sensitivities and risk factors carefully when reading the forecast financial information and the likely future performance of the Fund and the Merged Fund.

Ernst & Young Transaction Advisory Services Limited has provided a report to the Directors in respect of the historical and forecast financial statements contained in this Section.

The information in this Section has been prepared and presented in an abbreviated form. It does not include disclosures required by the AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act.

9.2 LPF3 Income Statement and Balance Sheet as at 31 December 2005

The following consolidated LPF3 summary income statement and summary balance sheet are the actual financial statements for the six months ended 31 December 2005 and have been reviewed by LPF3's auditors, Ernst & Young.

**Consolidated LPF3
Summary Income Statement
for the six months ended 31 December 2005**

	(\$'000)
Revenue from operating activities	1,611
Fair value movements in investment properties	1,501
Interest revenue	302
Total Revenue and Other Income	3,414
Operating expenses	(2,872)
Borrowing/Interest expense	(556)
Total Expenses	(3,428)
Net Profit Before Tax	(14)
Income Tax Expense	(584)
Profit After Tax	570

**Consolidated LPF3
Summary Balance Sheet
as at 31 December 2005**

(\$'000)

Current Assets

Cash and cash equivalents	8,731
Trade and other receivables	790
Inventories	41,433
Other assets	83
Total Current Assets	<u>51,037</u>

Non-Current Assets

Investment property	28,215
Inventories	11,599
Other assets	945
Total Non-Current Assets	<u>40,759</u>
Total Assets	<u>91,796</u>

Current Liabilities

Payables	1,996
Interest bearing loans and borrowings	30,205
Total Current Liabilities	<u>32,201</u>

Non-Current Liabilities

Interest bearing loans and borrowings	23,746
Other liabilities	2,350
Total Non-Current Liabilities	<u>26,096</u>
Total Liabilities	<u>58,297</u>
Net Assets	<u>33,499</u>

Represented By:

Attributable to Shareholders of the Company

Contributed equity	17,218
Retained earnings	(1,900)
Attributable to Shareholders of the Company	<u>15,318</u>

Attributable to Unitholders of the Trust

Units on issue	14,596
Hedging (swap) loan reserve	10
Undistributed earnings	3,575
Attributable to Unitholders of the Trust	<u>18,181</u>
Total Stapled Security Holders' Interests	<u>33,499</u>

9.3 Source and Application of Funds

Set out below is a source and application of funds for LPF3 associated with the Offer:

	(\$'000)
Source of funds	
Proceeds of the Offer (fully subscribed)	74,200
Total Source of funds	74,200
Application of funds	
Future Projects	67,341
Palm Beach Project	5,463
Capital Raising costs	1,396
Total Application of funds	74,200

No funds from the Offer will be utilised in the Takeover as it is a scrip takeover bid.

9.4 Forecast LPF3 Income Statement and Balance Sheet assuming the Takeover is NOT successful

The following forecast LPF3 income statement and balance sheet are prepared on the assumption that the Takeover is **NOT** successful i.e. Blue Tower Trust is **NOT** included in the forecasts in Section 9.4.

Forecast LPF3 Consolidated Summary Income Statement (excluding Blue Tower Trust)			
	(\$'000)	(\$'000)	(\$'000)
	2005/6	2006/7	2007/8
Revenue from operating activities	5,246	3,015	14,607
Fair value movements in investment properties	3,431	1,692	1,692
Interest revenue	499	3,481	4,743
Total Revenue	9,176	8,188	21,042
Operating expenses	(5,324)	(3,622)	(1,181)
Borrowing/Interest expense	(1,195)	(1,150)	(1,150)
Total Expenses	(6,519)	(4,772)	(2,331)
Net Profit Before Tax	2,657	3,416	18,711
Income Tax Expense	(476)	277	4,859
Net Profit After Tax	3,133	3,139	13,852
Weighted Average Issued Stapled Securities ('000)	35,000	87,717	105,000
Forecast Earnings per Stapled Security	8.95 cents	3.58 cents	13.19 cents
Forecast Annual Distribution per Stapled Security	8.00 cents	8.48 cents	8.48 cents
Forecast Tax Deferred (%)	100%	100%	100%

**Forecast LPF3 Consolidated
Summary Balance Sheet
(excluding Blue Tower Trust)**

	(\$'000) 30/06/06	(\$'000) 30/06/07	(\$'000) 30/06/08
Current Assets			
Cash and cash equivalents	6,290	84,995	79,266
Trade and other receivables	424	423	423
Other assets	63	63	63
Total Current Assets	6,777	85,481	79,752
Non-Current Assets			
Investment property	30,000	31,400	32,800
Inventory	32,451	26,255	31,728
Other assets	7,083	1,953	144
Total Non-Current Assets	69,534	59,608	64,672
Total Assets	76,311	145,089	144,424
Current Liabilities			
Payables	936	2,465	2,465
Interest bearing loans and borrowings	29,599	34,336	26,456
Other	0	1,398	3,050
Total Current Liabilities	30,535	38,199	31,971
Non-Current Liabilities			
Interest bearing loans and borrowings	3,654	3,068	3,683
Other liabilities	7,458	1,203	1,203
Total Non-Current Liabilities	11,112	4,271	4,886
Total Liabilities	41,647	42,470	36,857
Net Assets	34,664	102,619	107,567
Represented By:			
Attributable to Shareholders of the Company			
Contributed equity	17,286	17,976	17,976
Retained earnings	(1,717)	(1,071)	10,267
Attributable to Shareholders of the Company	15,569	16,905	28,243
Attributable to Unitholders of the Trust			
Units on issue	13,208	85,326	79,324
Undistributed earnings	5,887	388	0
Attributable to Unitholders of the Trust	19,095	85,714	79,324
Total Stapled Security Holders' Interests	34,664	102,619	107,567
Forecast Net Assets per Stapled Security	\$0.99	\$0.98	\$1.02

The forecast net assets per Stapled Security at 30 June 2006 of \$0.99 per Stapled Security is less than the value of \$1.06 per Stapled Security used in the Entitlement Issue. The value of \$1.06 per Stapled Security reflects LPF3's adjusted underlying net assets at 30 June 2006. Some of these adjustments cannot be recognised in the forecast financial statements under AIFRS.

9.5 Forecast Merged Fund Income Statement and Balance Sheet Assuming the Takeover IS Successful

The following forecast Merged Fund income statement and balance sheet are prepared on the assumption that the Takeover **IS** successful i.e. Blue Tower Trust **IS** included in the forecasts in this Section 9.5.

Forecast Merged Fund Summary Income Statement (including Blue Tower Trust)			
	(\$'000)	(\$'000)	(\$'000)
	2005/6	2006/7	2007/8
Revenue from operating activities	5,246	17,426	29,018
Fair value movements in investment properties	3,431	5,461	9,435
Interest revenue	499	3,537	4,941
Total Revenue	9,176	26,424	43,394
Operating expenses	(5,324)	(7,549)	(5,168)
Borrowing/Interest expense	(1,195)	(9,282)	(9,500)
Total Expenses	(6,519)	(16,831)	(14,668)
Net Profit Before Tax	2,657	9,593	28,726
Income Tax Expense	(476)	277	4,859
Net Profit After Tax	3,133	9,316	23,867
Weighted Average Issued Stapled Securities ('000)	35,000	142,123	170,538
Forecast Earnings per Stapled Security	8.95 cents	6.56 cents	14.00 cents
Forecast Annual Distribution per Stapled Security	8.00 cents	8.48 cents	8.48 cents
Forecast Tax Deferred (%)	100%	100%	100%

**Forecast LPF3 Consolidated
Summary Balance Sheet
(including Blue Tower Trust)**

	(\$'000) 30/06/06	(\$'000) 30/06/07	(\$'000) 30/06/08
Current Assets			
Cash and cash equivalents	6,290	79,185	70,652
Trade and other receivables	424	3,147	3,147
Other assets	63	1,365	1,365
Total Current Assets	6,777	83,697	75,164
Non-Current Assets			
Investment property	30,000	222,760	231,814
Inventory	32,451	26,255	31,728
Other assets	7,083	1,953	144
Total Non-Current Assets	69,534	250,968	263,686
Total Assets	76,311	334,665	338,850
Current Liabilities			
Payables	936	8,301	8,301
Interest bearing loans and borrowings	29,599	147,454	139,967
Other	0	1,398	3,050
Total Current Liabilities	30,535	157,153	151,318
Non-Current Liabilities			
Interest bearing loans and borrowings	3,654	3,068	3,683
Other liabilities	7,458	1,203	1,203
Total Non-Current Liabilities	11,112	4,271	4,886
Total Liabilities	41,647	161,424	156,204
Net Assets	34,664	173,241	182,646
Represented By:			
Attributable to Shareholders of the Company			
Contributed equity	17,286	17,976	17,976
Retained earnings	(1,717)	(1,071)	10,267
Attributable to Shareholders of the Company	15,569	16,905	28,243
Attributable to Unitholders of the Trust			
Units on issue	13,208	154,289	154,289
Undistributed earnings	5,887	2,047	114
Attributable to Unitholders of the Trust	19,095	156,336	154,403
Total Stapled Security Holders' Interests	34,664	173,241	182,646
Forecast Net Assets per Stapled Security	\$0.99	\$1.02	\$1.07

The forecast net assets per Stapled Security at 30 June 2006 of \$0.99 per Stapled Security is less than the value of \$1.06 per Stapled Security used in the Entitlement Issue. The value of \$1.06 per Stapled Security reflects LPF3's adjusted underlying net assets at 30 June 2006. Some of these adjustments cannot be recognised in the forecast financial statements under AIFRS.

9.6 Key Assumptions

Key assumptions in preparing the forecast financial information include:

- the Offer is fully subscribed and \$74.2 million is raised under the Capital Raising;
- the proceeds of the Offer are used in accordance with the source and application of funds contained in Section 9.3; and
- no other capital is raised during the Forecast Period.

Potential Investors should be aware that the Fund Managers continue to actively source and secure value added investment opportunities and development projects on behalf of LPF3. Accordingly, it is likely that events will occur during the life of the Offer Document and the Forecast Period which will change the properties in the portfolio. The financial impact of these changes is not able to be quantified and accordingly has not been included in the financial forecasts.

The forecast balance sheets for the financial years ending June 2006, June 2007 and June 2008 have been prepared based on various best estimate assumptions made by the Fund Managers. The key assumptions underlying the forecasts are outlined below:

Trust – Blue Tower Trust (Included in Section 9.5 only)

- the off-market Takeover bid for all of the units in Blue Tower Trust **IS** successful and will result in the Trust owning 100% of Blue Tower Trust;
- the building remains fully occupied throughout the Forecast Period;
- the project is financed by bank debt of approximately \$114 million; and
- the building's fair value increases at a rate of approximately 4% per annum.

Trust – Melbourne Street

- the building remains fully occupied throughout the Forecast Period;
- the project is financed by bank debt of approximately \$16 million; and
- the building's fair value increases at a rate of approximately 4% per annum.

Company – London Woolstore Project

- the project has been developed in accordance with the London Woolstore Development Agreement (refer Section 11.6);
- all remaining unsold property will settle by March 2007;
- the bank debt is repaid by August 2006; and
- proceeds from the project (the initial equity and after tax profits) will be utilised to assist with the financing of Future Projects.

Company – Palm Beach Project

- the project will be developed in accordance with the Palm Beach Development Agreement (refer Section 11.7);
- total development cost of the project is forecast to be approximately \$97.1 million;
- total sales revenue (including management rights) and rent revenue of the project is forecast to be approximately \$109.5 million;
- stage one of the project is financed by bank debt of approximately \$40.5 million;
- stage one of the project to commence construction in December 2006 and be fully sold out by June 2008 and stage two of the project to commence construction in December 2007 and be completed in December 2008. No sales in stage two are recognised in the Forecast Period.

Future Projects

- no new projects are assumed to be acquired in the Forecast Period; and
- cash on deposit is assumed to earn 6% per annum interest income.

Trust and Company

- all amounts are exclusive of GST;
- distributions of 8.48 cents per Unit per annum are paid quarterly from the Trust in the Forecast Period. These distributions are forecast to be 100% tax deferred;
- no Interim Distributions are paid by the Company in the Forecast Period;
- no tax is paid by the Trust as the Trust's net income is assessable to Unitholders in proportion to their unitholding in the Trust; and
- tax will be paid by the Company at the 30% company tax rate.

9.7 Key Accounting Policies

Statement of significant accounting policies

The income statements and balance sheets in Section 9 have been prepared in accordance with AIFRS, applicable Australian Accounting Standards, the Corporations Act, other mandatory professional reporting requirements and the terms of the Constitution and Trust Deed. They have been prepared on an accruals basis and are based on historical costs, except for investment properties and derivative financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies used in preparation of the income statements and balance sheets in Section 9.

Principles of consolidation

The consolidated balance sheets have 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 BSX. All inter-entity balances and transactions between entities in the economic entity, including any unrealised profits arising from intra-group transactions, have been eliminated in full on consolidation.

Income tax

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.

Investment property

Investment property consists of property (including land and buildings) held for long-term rental income. Initially, investment property is measured at cost including acquisition costs. Subsequent to initial recognition, investment properties are carried at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Land and buildings (including integral plant and equipment) that comprise the investment property are not depreciated.

Inventories

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. Associated development costs are expensed to the income statement until such time as the Company has committed to the project. Income from development properties is not recognised until settlement of the sales contracts.

Leases

Lease incentives are capitalised as a separate asset from the investment property to which it relates. The lease incentive is then amortised as a reduction in lease rental income over the lease term on a straight-line basis.

Units on issue

Previously under Australian Generally Accepted Accounting Principles ("AGAAP") funds raised from unitholders were recognised as equity. From 1 July 2005, as required by AIFRS, where there is an obligation under the Trust Deed to repay the unit capital at the end of the trust's life, unitholders' equity is recognised as a non-current liability. The recognition of Unitholders' funds as liabilities for accounting purposes does not impact the taxation treatment of these amounts.

Any transaction costs arising on the issue of units are recognised directly against the units on issue as a reduction of the funds received.

Interest bearing loans and borrowings

All loans and borrowings are recognised at cost.

Capitalisation of borrowing costs

Borrowing costs are initially capitalised and then expensed over the period of the loan.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the tax authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheets are shown inclusive of GST.

9.8 Sensitivity Analysis

Investors should be aware that the forecasts in relation to the Fund and Merged Fund may not be met for a variety of reasons. Risk factors are discussed in Section 8.

Investors should note that the sensitivity analysis is intended to provide a guide only and variations in actual performance may exceed the ranges shown. Movement in other variations in actual performance may exceed the ranges shown. Movement in other assumptions may offset or compound any one variable beyond the extent shown. In addition, it should be noted that the results of the Fund and Merged Fund may be significantly affected by variations in the outcome of any one of the Projects or a Future Project.

The table below details the sensitivity of the Fund's and Merged Fund's forecast profit after tax for 2006/7 and 2007/8.

Assuming Takeover is NOT successful i.e. Blue Tower Trust is NOT included in the following sensitivity analysis

	2006/7 (\$'000)	2007/8 (\$'000)
London Woolstore Project		
Remaining unsold property does not settle until 30/6/07	0	0
Remaining unsold property does not settle until 30/6/08	(438)	(118)
Palm Beach Project		
Increase in bank debt interest rate by 0.5% on stage one bank loan	(14)	(76)
Increase in bank debt interest rate by 1% on stage one bank loan	(27)	(151)
Increase in stage one Total Development Cost by 5%	0	(1,390)
Increase in stage one Total Development Cost by 10%	0	(2,779)
Decrease in stage one sales revenue by 5%	0	(1,512)
Decrease in stage one sales revenue by 10%	0	(3,024)
6 months delay in settlement of stage one sales	0	(7,349)
12 months delay in settlement of stage one sales	0	(7,349)
Future Projects		
Interest earned on funds on deposit decreases by 0.5%	(236)	(313)
Interest earned on funds on deposit decreases by 1%	(470)	(623)

Assuming Takeover IS successful i.e. Blue Tower Trust IS included in the following sensitivity analysis

	2006/7 (\$'000)	2007/8 (\$'000)
Blue Tower Trust		
Increase in bank debt interest rate by 0.5% (on the variable portion of the loan i.e. \$28.1 million)	(14)	(14)
Increase in bank debt interest rate by 1% (on the variable portion of the loan i.e. \$28.1 million)	(281)	(281)
London Woolstore Project		
Remaining unsold property does not settle until 30/6/07	0	0
Remaining unsold property does not settle until 30/6/08	(438)	(118)
Palm Beach Project		
Increase in bank debt interest rate by 0.5% on stage one bank loan	(14)	(76)
Increase in bank debt interest rate by 1% on stage one bank loan	(27)	(151)
Increase in stage one Total Development Cost by 5%	0	(1,390)
Increase in stage one Total Development Cost by 10%	0	(2,779)
Decrease in stage one sales revenue by 5%	0	(1,512)
Decrease in stage one sales revenue by 10%	0	(3,024)
6 months delay in settlement of stage one sales	0	(7,349)
12 months delay in settlement of stage one sales	0	(7,349)
Future Projects		
Interest earned on funds on deposit decreases by 0.5%	(241)	(331)
Interest earned on funds on deposit decreases by 1%	(481)	(657)

9.9 Taxation

Trust – taxation

A unit trust entity such as the Trust which has as its primary purpose the derivation of rental income from a long term investment property such as the Melbourne Street Project, is not subject to income tax on its net income to the extent that Unitholders are presently entitled to that income.

Based on the current tax law, the nature of and the terms of the Trust Deed, the net income of the Trust will be assessable to Unitholders in proportion to their unitholding in the Trust. This will be the case whether or not all of that net income is actually paid to the Unitholders.

A Unitholder is assessed only on their proportionate share of this net income of the Trust, even if the accounting income is higher than the net income. This excess of accounting income would represent tax deferred amounts.

These tax deferred amounts can be a consequence of the offset against income of tax deductions attributable to building write off allowance, depreciation of the Trust's Projects' plant and equipment, and amortisation of borrowing costs, in excess of corresponding accounting expenses.

However, to the extent that amounts are paid to Unitholders in excess of the net income (either as a distribution of tax deferred amounts or as a partial capital repayment of the amounts paid up on Units), adjustments may be required to the cost base of Units.

Where the Trust realises a revenue tax loss in any year of income, this loss may be able to be carried forward and utilised by the Trust to offset future assessable income. The ability to carry forward and utilise a tax loss will be subject to the Trust satisfying specific tax law trust loss rules.

Capital Gains Tax

Gains by the Trust

Upon the disposal of any property held by the Trust for more than 12 months, the capital gain (without indexation, see below) is reduced by a 50% CGT discount in determining the Trust's net income for income tax purposes.

If the disposal generates a capital loss, the loss is quarantined in the Trust and is only available for offset against any future capital gains made by the Trust.

The distribution of the capital gain to Unitholders has special tax implications. In general, the Unitholder must gross-up the distribution by doubling the discounted capital gain included in any net income of the trust before applying any capital losses.

Unitholders, other than companies, then apply the applicable CGT discount to the grossed-up amount net of capital losses (if any) to determine the Unitholders' net capital gain. For trustees (where the gain may be further distributed, and accordingly this process repeated) or individuals, the applicable CGT discount is 50%, whilst for superannuation funds it is 33.3%.

While the CGT discount available to trustees of trusts is 50%, there are complex tax rules governing the flow through of CGT discounts through trusts to beneficiaries. The consequences may vary depending on each trust's specific circumstances. Accordingly, if you are a trustee of a trust, you should seek separate advice around the flow through to beneficiaries of any capital gain realised.

For Unitholders that are companies, no CGT discount applies so that once the share of the capital gain distributed from the Trust has been doubled, there is no further reduction.

Direct and deemed gains

Upon the actual or deemed disposal by a Unitholder of a Unit in the Trust, CGT may apply.

The initial cost base is no longer increased by the consumer price index ("CPI") in determining the CGT cost base for a later sale or other disposal.

Instead, the current tax legislation provides for reductions in the amount assessable. In the case of individuals and trusts the CGT discount is 50%, and for complying superannuation funds it is 33.3%. The CGT discount will be available where the Unit has been held for more than 12 months and the level of assets held by the Trust for more than 12 months is also sufficient to meet certain tests. No CGT discount is available to companies.

Reduction of cost base of Units

The cost base of Units for the CGT calculations on an actual or deemed disposal will be effectively adjusted (reduced) by the sum of any non-assessable distributions made, which may relate to tax deferred distributions or partial repayments of the Investor's initial capital investment.

Distributions of the non-taxed component of the capital gain made by the Trust on the sale of a Trust asset due to the CGT discount, do not reduce the cost base of the Units.

Company - taxation

Under current tax legislation, the Company is liable for income tax at the company tax rate of 30%. The Company intends from time to time to pay dividends to Investors. The dividends will be franked to the extent allowed by the Company's available franking credits.

Goods and Services Tax (“GST”)

GST will apply to taxable supplies. This tax applies to certain rents, outgoings contributions and other receipts of LPF3.

Expenditure that LPF3 incurs which includes a GST component will generally entitle LPF3 to an input tax credit.

GST is not payable on the consideration paid for a Unit in the Trust or a Share in the Company as it is a ‘financial supply’ and therefore input taxed.

All forecast financial information relating to LPF3 has been stated at the net cost to LPF3. Where GST has been paid and a refund is to be obtained, the expense has been shown net of GST. Where a full refund is not to be obtained, the expense includes the non-recoverable GST.

Tax law

Investors should note that Australian tax laws are complex and are constantly subject to change. The views and forecasts in this Offer Document are based on law current at the date of this Offer Document.

The taxation comments in this Section 9 are general in nature by necessity. They do not, for example, apply to non-residents or those who carry on a business of trading in units.

Tax liabilities are the responsibility of each Investor and the Asset Manager and its Directors are not responsible for taxation or penalties incurred by Investors.

Investors should consult their own taxation advisers on the tax implications of their individual investment in LPF3.

Section 10 Fees and Charges

10.1 Fees and charges of the Trust

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

Table of fees and charges

This Section and the table below shows fees and other costs that you may be charged as an Investor in the Trust. These fees and costs will be deducted from the assets of the Trust.

You should read all of the information about fees and costs, as it is important to understand their impact upon your investment.

The Responsible Entity reserves the right to waive or defer payment of its fees. Where payment is deferred, the Responsible Entity's fees will accrue until duly paid.

The fees described in Section 10 include GST that is not claimable as an input tax credit. If the Responsible Entity becomes liable to pay GST in respect of any matter arising under the Trust Deed, then in addition to any other amount to which the Responsible Entity is entitled, the Responsible Entity is also entitled to be paid or reimbursed an amount equal to the amount of the GST liability.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Trust		
<i>Establishment fee</i> : The fee to open your investment.	Nil	Not applicable
<i>Contribution fee</i> : The fee on each amount contributed to your investment.	Nil	Not applicable
<i>Withdrawal fee</i> : The fee on each amount you take out of your investment.	Nil	Not applicable
<i>Termination fee</i> : This is the fee when you close your investment.	Nil	Not applicable

Type of fee or cost	Amount	How and when paid
Management costs		
The fees and costs for managing your investment.	Acquisition fee An acquisition fee of 2% of the purchase price of Future Projects of the Trust. (If the Takeover of Blue Tower Trust IS successful it will be a Future Project and the acquisition fee will be based on the \$184 million current Market Value of Comalco Place.) ¹	Payable to the Responsible Entity by the Trust on the acquisition of any Future Projects of the Trust as an upfront one-off fee. The fee will be deducted from the Trust's assets. ¹
	Asset management fee An asset management fee equal to 0.5% per annum of the annually assessed Market Value of the Melbourne Street Project and Future Projects of the Trust (including Comalco Place if the Takeover of Blue Tower Trust IS successful). ²	Monthly instalments in arrears paid to the Asset Manager from the date that the Melbourne Street Project and Future Projects of the Trust are acquired by the Trust. The fee will be deducted from the Trust's assets. ²
	Performance Fee If the Fund's Internal Rate of Return exceeds 15% and is less than 20%, the Responsible Entity will receive a Performance Fee equal to 50% of any amount over 15% of the Internal Rate of Return. If the Fund's Internal Rate of Return exceeds 20%, the Responsible Entity will receive a Performance Fee equal to 75% of any amount over 20% of the Internal Rate of Return. ³	The Performance Fee is payable each time that an Interim Distribution is made to Investors or on the execution of an unconditional contract to sell a Project of the Trust or on termination of the Asset Manager. The Performance Fee will be payable out of the Trust's assets. ³

Type of fee or cost	Amount	How and when paid
	Other management costs All costs properly incurred in connection with the administration and management of the Trust by the Responsible Entity. In 2006/7 these costs are forecast to be \$1,059,000 assuming the Takeover is NOT successful and \$1,176,000 assuming the Takeover IS successful. None of these costs are payable to the Responsible Entity. ⁴	These costs will be deducted from the Trust's assets. ⁴
Service fees		
<i>Investment switching fee:</i> The fee for changing investment options.	Nil	Not Applicable

Worked examples

1. Acquisition fee

If the Trust acquired an asset for a purchase price of \$30 million, the acquisition fee payable to the Responsible Entity would be \$600,000.

If the Takeover of Blue Tower Trust **IS** successful, the acquisition fee payable to the Responsible Entity will be \$3,680,000 (being 2% of the current Market Value of Comalco Place of \$184 million).

2. Asset management fee

If the aggregate current Market Value of the Melbourne Street Project and Comalco Place is \$214 million, an annual asset management fee of \$1,070,000 would be payable to the Asset Manager out of the Trust's assets (0.5% of \$214 million).

3. Performance Fee

Internal Rate of Return ("IRR") means the discount rate expressed as a percentage per annum that results in a net present value of zero for the Fund's series of cashflows comprising the Total Funds, the Returns, any future equity raised by the Fund, and the difference between the current Market Value of the Trust Projects and the Cost Base of the Trust Projects. For example, if the Trust executed an unconditional contract to sell a Project of the Trust and the above calculation for the Fund results in an IRR of 25% with \$200,000 being the amount that results in the IRR exceeding 15% and being less than 20% and \$300,000 being the amount that results in the IRR exceeding 20%. The Performance Fee payable to the Asset Manager would be 50% of the amount that results in the IRR exceeding 15% and being less than 20% i.e. \$100,000 (50% of \$200,000) and 75% of the amount that results in the IRR exceeding 20% i.e. \$225,000 (75% of \$300,000). The total Performance Fee payable would be \$335,000.

4. Other management costs

Included in this amount are audit, insurance, custodian, compliance committee, listing, commission and referral fees. These fees are paid out of the Trust's assets. None of these costs are payable to the Responsible Entity.

10.2 Additional explanation of fees and costs

Commission and referral fees

The Responsible Entity may pay commission and referral fees up to approximately \$1,000,000 (1.35% of \$74.2 million) to those who are engaged to assist with raising capital for the Trust. This amount includes a significant contingency and may not be fully incurred. The Responsible Entity will pay commission and referral fees only to persons who either hold an AFSL or are otherwise permitted by law to receive such payments. A person who receives commission or referral fees from the Responsible Entity will be obliged to disclose this amount to an Investor prior to an Investor making an investment in the Trust. Any commissions and referral fees paid will be an expense of the Trust. No commissions and referral fees are payable to the Responsible Entity.

Termination fee

If the Responsible Entity is removed as Responsible Entity of the Trust, then it is entitled to be paid 2% of the Market Value of the Trust assets immediately before removal except if removed because of fraud, negligence or resignation. For example, if the Trust assets are \$227 million, a termination fee of approximately \$4.5 million would be payable out of the Trust's assets.

Custodian fee

Pursuant to the Custody Agreement between the Custodian and the Responsible Entity, the Custodian is currently entitled to be paid an annual fee of approximately \$8,500. The annual fee in relation to this Offer is yet to be finalised. Further information regarding the Custody Agreement is set out in Section 11.5.

All fees payable under the Custody Agreement will be adjusted annually in accordance with increases in the consumer price index. The Custodian is also entitled to be reimbursed for out of pocket expenses incurred in performance of its duties.

None of these costs are payable to the Responsible Entity.

Examples of the fees and costs

Using the assumptions that are detailed in Section 9.6, the table below forecasts the fees and costs that can affect your investment in 2006/7. You should use this table to compare this product with other managed investment products.

Assuming the Takeover is NOT successful i.e. Blue Tower Trust is NOT included in the following table

Example		Balance of \$50,000 with total contributions of \$5,000 during year
Contribution fee	Nil	There are no contribution fees. For every \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	2.12% pa of the total funds invested	And, for every \$50,000 you have in the Trust, in 2006/7 \$1,060* will be deducted from the Trust's assets.
EQUALS Cost of Trust		If you put in \$5,000 during 2006/7 and your balance was \$50,000, then for that year the following amount will be deducted from the Trust's assets: \$1,060**

*Included in this amount are audit, insurance, compliance committee, custodian, commission and referral, share processing, printing, legal fees, independent expert, tax advice, valuations, BSX listing, and asset management fees. Expenses such as salaries, rent and other administration and office costs are borne by the Responsible Entity and not deducted from the Trust's assets.

**Of this amount \$82 is payable to the Responsible Entity for asset management fees (refer Section 10.1).

Assuming the Takeover IS successful i.e. Blue Tower Trust IS included in the following table

Example		Balance of \$50,000 with total contributions of \$5,000 during year
Contribution fee	Nil	There are no contribution fees. For every \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	4.17% pa of the total funds invested	And, for every \$50,000 you have in the Trust, in 2006/7 \$2,087* will be deducted from the Trust's assets.
EQUALS Cost of Trust		If you put in \$5,000 during 2006/7 and your balance was \$50,000, then for that year the following amount will be deducted from the Trust's assets: \$2,087**

*Included in this amount are audit, insurance, compliance committee, custodian, commission and referral, share processing, printing, legal fees, independent expert, tax advice, valuations, BSX listing, acquisition and asset management fees. Expenses such as salaries, rent and other administration and office costs are borne by the Responsible Entity and not deducted from the Trust's assets.

**Of this amount \$1,481 is payable to the Responsible Entity for asset management and acquisition fees (refer Section 10.1).

10.3 Fees and charges of the Company

There are also fees and charges which are incurred by the Company. See Section 11.4.

Development management fee

The Asset Manager will be paid a development management fee of 5% of the Total Development Cost of the Company's Projects. The fee is payable monthly in arrears spread in equal amounts over the term of the Company's Projects.

Performance Fee payable to the Asset Manager

The Asset Manager is entitled to be paid a Performance Fee in accordance with (d) and (e) when either:

- (a) an Interim Distribution is paid to Investors; or
- (b) on termination of the Asset Manager; or
- (c) on the execution of an unconditional contract to sell any of the Projects of the Trust, and is calculated as follows:
- (d) in the event that the Internal Rate of Return exceeds 15% and is less than 20%, then the Asset Manager will receive a Performance Fee equal to 50% of any amount resulting in the Internal Rate of Return being greater than 15%; and
- (e) in the event that the Internal Rate of Return exceeds 20% the Asset Manager will receive a Performance Fee equal to 75% of any amount resulting in the Internal Rate of Return being greater than 20%.

This Performance Fee is the **SAME** performance fee detailed in Section 10.1.

Termination

If the Asset Manager is removed as Asset Manager of the Company's Projects, then it is entitled to be paid 2% of the Market Value of the Company's Projects immediately before removal except if removed because of fraud, negligence or resignation.

Section 11 Material Agreements

11.1 Key documents

The Fund Managers consider that certain agreements relating to the Fund are significant to the Offer and the operations of the Fund Managers and may be relevant to Investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

11.2 Trust Deed – Leyshon Property Trust No. 3

On 4 November 2004, the Trust's name was changed from Leyshon Group Property Trust #1 to Leyshon Property Trust No. 3 and the Trust Deed was varied on 8 November 2004 for the purposes of the listing on BSX which occurred on 22 December 2004. The responsibilities of Leyshon Corporation Limited as Responsible Entity, together with all duties, obligations and rights pertaining to the Trust are set out in the Trust Deed. The rights and interests of Unitholders, including the right to receive distributions, attend and vote at meetings, register complaints and participate in the winding up of the Trust are also set out in the Trust Deed.

The Trust Deed is governed by the laws of Queensland. As the Responsible Entity of the Trust, Leyshon Corporation Limited is responsible for the management of the assets and property of the Trust and the funds of the Trust on behalf of Unitholders.

Duties and obligations of the Responsible Entity

The main duties and obligations of the Responsible Entity are:

- ensuring that the property acquired by the Trust is not acquired or disposed of by or on behalf of the Responsible Entity unless it has been valued by an approved valuer (as prescribed in the Trust Deed);
- act honestly, in good faith and in the best interests of Unitholders;
- treat Unitholders equally and fairly;
- not make use of information acquired as a result of holding the position of Responsible Entity in order to gain an improper advantage for itself or another person or cause detriment to Unitholders;
- comply with the Trust's compliance plan;
- ensure that Trust property is clearly identified as property of the Trust and held separately from the property of the Responsible Entity and the property of any other Trust or managed investment scheme operated by the Responsible Entity;
- ensure the distribution of income of the Trust to Unitholders;
- manage, improve and enhance the value of the property of the Trust;
- insure and keep insured the property of the Trust for its full insurable value;
- collect and receive all income and receipts arising from the property of the Trust; and
- keep records relating to all financial transactions and prepare the necessary income tax and other returns and reports as required.

Limitation of Unitholder liability

Under the Trust Deed, no Unitholder will be under any obligation to personally indemnify the Responsible Entity in respect of the liability for obligations in connection with the Trust to any extent beyond their unitholding in the Trust.

Quorum

The quorum for an ordinary resolution is at least one person holding or representing by proxy at least 10% of the Units of the Trust by both number and value.

The quorum for a special resolution is at least two people holding or representing by proxy at least 20% of the Units of the Trust by both number and value.

The quorum for an extraordinary resolution is at least two people holding or representing by proxy, at least 51% of the Units of the Trust by value.

Voting

Unitholders will receive notification of meetings. The Trust Deed provides that each Unitholder has one vote for each Unit held in the Trust. Voting will generally be by a show of hands unless a poll is demanded. Only those Unitholders that are entered on the register of Unitholders are entitled to vote at any meeting of Unitholders.

Borrowing and income of the Trust

The Responsible Entity may only borrow in accordance with the Trust Deed and as Responsible Entity of the Trust.

Under the Trust Deed Leyshon Corporation Limited is charged with the responsibility of collecting all net income of the property of the Trust and distributing it to Unitholders.

The Trust Deed provides that Leyshon Corporation Limited has complete discretion in determining whether an item for distribution will be income or capital. Quarterly distributions will be made by the last business day of the month following the end of each quarter. Interim distributions may be paid from time to time.

Sale of Trust property

Following the final sale of the property of the Trust (but in any event not less than two months after settlement) the proceeds of sale on a winding up of the Trust must be distributed in the following manner:

- in payment of any amounts due and payable to discharge any mortgages or encumbrances affecting the property of the Trust and which secure borrowings (if any);
- in payment of the Responsible Entity's expenses, the costs of sale and any outstanding remuneration payable to the Responsible Entity in accordance with the Trust Deed;
- repayment of outstanding Unitholders' initial investment; and
- in payment of outstanding Trust distributions of income or capital of the Trust.

Retirement and removal of Responsible Entity

Leyshon Corporation Limited will retire as Responsible Entity of the Trust if it:

- is placed into liquidation other than for the purposes of amalgamation, reconstruction or a purpose of a similar kind, or in official management;
- ceases to carry on business;
- has a receiver or manager and receiver appointed in relation to the property of the Responsible Entity and the receiver or receiver and manager is not removed or withdrawn within 30 days of the appointment; or
- Unitholders call a meeting of Unitholders to resolve that the Responsible Entity be removed. The quorum of such resolution is at least two persons representing 51% of Units by value.

In the event the Responsible Entity is removed as Responsible Entity of the Trust without its own consent, for whatever reason except negligence or fraud, the Responsible Entity shall be paid a fee of 2% of the Market Value of the property of the Trust which fee is payable immediately prior to the Responsible Entity's removal as Responsible Entity of the Trust.

Termination of the Trust

The Trust will terminate 80 years after establishment of the Trust. The Trust Deed provides that the Trust may be terminated either:

- at such time as may be recommended by the Responsible Entity following the final sale of the property of the Trust;
- if the Unitholders resolve by an extraordinary resolution to wind up the Trust;
- a court makes an order directing the Responsible Entity to wind up or determine the Trust; or
- the Responsible Entity determines that the Trust should be wound up.

Where the Trust is terminated, the Responsible Entity will realise all investments and other assets including the property of the Trust and after deducting all debts and borrowings of the Trust, outstanding expenses, costs of sale, and Responsible Entity fees, will distribute the net proceeds of the realisation of any investments and other assets amongst Unitholders in proportion to their Units provided that:

- the Responsible Entity is entitled to retain its costs, charges and expenses including remuneration and will be entitled to retain for as long as it thinks fit, such amount which in its opinion may be required to meet all claims, demands and expenses incurred or expected to be incurred by the Trust on determination of the Trust; and
- distribution will be made where evidence of the Unitholder's entitlement is delivered to the Responsible Entity.

The Responsible Entity will convene a meeting of Unitholders, no later than every five years from the date of the first allotment of Units in the Trust, to give Unitholders the opportunity to vote on a special resolution to terminate the Trust. A special resolution requires 75% of votes of Unitholders present and voting to be cast in favour of a resolution.

Limitation of entitlement

A person shall not, either alone or together with any other person, acquire Units if any person who is entitled to less than 15% of the issued Units in the Trust would immediately after the acquisition be entitled to more than 15% of the issued Units in the Trust.

This restriction does not apply to or in relation to an acquisition or holding of a Unit or Units with respect to:

- which the board of the Responsible Entity has given its prior written consent. The Responsible Entity has absolute discretion with respect to the granting or withholding of its consent and any conditions its consent will be subject to;
- any Units issued pursuant to a distribution reinvestment plan activated by the Trust;
- any right/entitlement issue of Units by the Trust; or
- any other issue for which the board of the Responsible Entity has resolved the limitation does not apply to.

Stapling

Units in the Trust are intended to be stapled to Shares in the Company in the ratio of one Unit to one Share. The intention is that the Unitholders in the Company are identical to the Shareholders in the Company and that a Unit and a Share that are stapled together are treated as one security. The directors of the Responsible Entity and Unitholders must neither do any act, matter or thing nor refrain from doing any act, matter or thing whilst stapling applies if to do so or to refrain from doing so, would result directly or indirectly in any Unit no longer being stapled to a Share as a Stapled Security.

Specifically, the Responsible Entity must not:

- offer any Units for subscription or sale unless an offer is made at the same time and to the same person for an identical number of Shares for issue or sale;
- issue or sell any Units to any person unless an identical number of Shares are also issued or sold to the same person at the same time;
- register any transfer of Units to any person unless an identical number of Shares are also transferred to the same person at the same time;
- consolidate, sub-divide, forfeit, cancel or buy-back any Units or otherwise re-organise the capital of the Trust unless at the same time there is a corresponding consolidation, sub-division, cancellation or buy-back of Shares or re-organisation of the capital of the Company; and
- make any offer relating to Units for subscription or sale unless the offer requires the subscription or sale of an equal number of Shares to the number of Units subscribed for or bought. Subject to the Corporations Act, the Listing Rules and approval by resolution of Unitholders and Shareholders, the directors of the Responsible Entity may determine that the stapling provisions of the Trust Deed cease to apply. The stapling provisions of the Trust Deed may not be amended without the prior written consent of the Company.

Fees

In consideration for carrying out its obligations as Responsible Entity and manager of the Trust, Leyshon Corporation Limited will receive the following fees:

- an acquisition fee of 2% of the purchase price of each Trust Project upon settlement of the purchase of the Project;
- an asset management fee of 0.5% per annum of each Trust Project's current Market Value payable in monthly instalments in arrears, commencing on the date of settlement of the purchase price of each Trust Project;
- a Performance Fee when either:
 - (a) an Interim Distribution is paid to Investors; or
 - (b) on termination of the Asset Manager; or
 - (c) on the execution of a contract to sell a Project of the Trust,and is calculated as follows:
 - (d) in the event that the Internal Rate of Return exceeds 15% and is less than 20%, then the Asset Manager will receive a Performance Fee equal to 50% of any amount resulting in the Internal Rate of Return being greater than 15%; and
 - (e) in the event that the Internal Rate of Return exceeds 20% the Asset Manager will receive a Performance Fee equal to 75% of any amount resulting in the Internal Rate of Return being greater than 20%.

The Performance Fee in (d) and (e) above may be paid either:

- in part by the Trust and in part by Leyshon Developments No. 3;
- paid in full by the Trust; or
- paid in full by Leyshon Developments No. 3.

Leyshon Developments No. 3 and Leyshon Corporation (in its capacity as Responsible Entity of the Trust) are to agree on the proportion of the Performance Fee to be paid by Leyshon Developments No. 3 and the Trust having regard to the level of services performed by the Asset Manager.

The Trust Deed is to be amended as proposed in Resolution 3 in the Notice of EGM. A copy of the Trust Deed with the proposed amendments notionally included can be obtained by an Investor free of charge from the Responsible Entity during the Offer period.

11.3 Constitution – Leyshon Developments No. 3

Shares

The Shares in the capital of the Company can be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by the Company's board from time to time. All unissued shares are under the control of the board, which may grant options on the shares, issue option certificates, allot or dispose of the shares on the terms and conditions and for consideration it thinks fit. This power is subject to contract or any contrary rules in the Constitution.

The Constitution permits the issue of preference shares on terms determined by the board.

Alteration of rights

The rights and restrictions attaching to any class of shares (unless provided by the terms of issue of the shares of that class), can only be varied with the consent in writing of members with at least 75% of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

Share transfers

Shares may be transferred in any manner required or permitted by the Listing Rules and by any instrument in writing in any usual or common form or in any other form that the board approves. The board may only refuse to register a transfer of securities of the Company as permitted by the Listing Rules.

Directors need not issue share certificates

Subject to the requirements of the Listing Rules and the Corporations Act, the Company need not issue Share certificates.

Meeting procedure

Each Shareholder and Director of the Company are entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment of the meeting, unless the quorum required is present at the start of the business. The Company is obliged to convene and hold an annual general meeting.

Voting rights

Each Shareholder has the right to receive notices of, and to attend, general meetings of the Company.

Subject to restrictions on voting from time to time affecting any class of Shares in the Company, and any restrictions imposed by the Corporations Act, the Shares in the Company carry the right to cast one vote on a show of hands and, on a poll one vote for each fully paid Share held, and for each partly paid Share held, a vote having the same proportionate value as the proportion to which the Shares have been paid up. Voting may be in person or by proxy, attorney or representative.

Remuneration of directors

Directors are to be paid out of Company funds as remuneration for their services, such sum as accrues on a daily basis as the Company in general meeting determines to be divided among them as agreed, or failing agreement, equally.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission or a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as Directors, or who at the request of the board engage in any journey on Company business, to be paid extra remuneration determined by the board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or board meetings, or meetings of any committee engaged in the Company's business.

Any Director may be paid a retirement benefit as determined by the board, consistent with the Corporations Act and the Listing Rules.

A Director is not allowed to vote on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the Corporations Act.

Election of Directors

There must be a minimum of three Directors and a maximum of 10 Directors (not including alternate Directors), which the board may from time to time determine provided it may not reduce the number below the number of Directors in office at the time of the reduction.

At every annual general meeting, subject to the Constitution, one third of the Directors (other than the managing director) must retire from office, and may offer themselves for re-election. If their number is not a multiple of three, then the number nearest to, but not less than, one third will retire. A Director, other than the managing director, must retire from office at the conclusion of the third annual general meeting after which he or she was elected or re-elected.

With respect to the retirement of Directors, the Director or Directors longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall, failing agreement between them, be determined by ballot.

Dividend

If the board determines that a dividend is payable, it will be paid on all Shares proportionate to the total amount for the time being paid on each Share. Such dividend payment is subject to the rights and restrictions on the holders of Shares created or raised under any special dividend arrangements.

The board may establish and maintain one or more dividend plans, to which shareholders may elect to take up with some or all their shares subject to the rules of the plan.

Subject to the Listing Rules, the board has the power to capitalise and distribute the whole or part of the undivided profits of the Company or standing to the credit of any reserve or other account and which is available for distribution. Such capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of dividend or in accordance with the terms of issue of any Shares or terms of any plan for the issue of securities for the benefit of officers or employees.

The board has the power to decide whether to pay Shareholders an interim dividend on account of the next forthcoming dividend. Any distribution may be paid otherwise than in cash as specified in the Constitution.

Partial takeover

The Company may prohibit registration of transfers purporting to accept partial takeover unless and until a resolution of the Company has been passed approving the offers in accordance with the provisions of the Constitution.

Indemnities and insurance

The Company must indemnify current and past Directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, director, secretary or executive officer, other than a liability owed to the Company or a related body corporate of the Company or a pecuniary penalty order or compensation order or where the liability does not arise out of conduct in good faith. Indemnities also apply to employees in circumstances designated under the Constitution.

Insurance

The Company must indemnify current and past Directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of director, secretary or executive officer, other than a liability owed to the Company or a related body corporate of the Company or a pecuniary penalty order or compensation order or where the liability does not arise out of conduct in good faith. Indemnities also apply to employees in circumstances designated under the Constitution.

The Company may also pay insurance premiums for officers and employees in certain designated circumstances but not where the liability arises out of wilful breach of duty to the Company or an improper use of position or inside information, as prohibited by the Corporations Act.

Deeds of access and indemnity

By deed of indemnity, the Company has undertaken, consistent with the Corporations Act, to indemnify each officer in certain circumstances for seven years after the officer has ceased to be an officer.

By deed of access, the Company has undertaken with each officer to maintain a complete set of the Company's board papers and to make them available to the officer for seven years after the officer has ceased to be an officer.

Limitation of entitlement

A person shall not, either alone or together with any other person, acquire Shares if any person who is entitled to less than 15% of the issued Shares of the Company would immediately after the acquisition be entitled to more than 15% of the issued Shares in the Company.

This restriction does not apply to or in relation to an acquisition or holding of a Share or Shares with respect to:

- which the board of the Company has given its prior written consent, which it may grant or withhold in its absolute discretion and subject to any conditions which it in its absolute discretion may impose;
- any Shares issued pursuant to a dividend reinvestment plan activated by the Company;
- any right/entitlement issue of Shares by the Company; or
- any other issue for which the board of the Company has resolved this limitation does not apply to.

Stapling

Shares in the Company are stapled to Units in the Trust in the ratio of one Share to one Unit. The intention is that the Shareholders in the Company are identical to the Unitholders in the Trust and that a Share and a Unit that are stapled together are treated as one security. The Directors and Shareholders must neither do any act, matter or thing nor refrain from doing any act, matter or thing whilst stapling applies if to do so or to refrain from doing so would result directly or indirectly in any Share no longer being stapled to a Unit as a Stapled Security. Specifically, the Company must not:

- offer any Shares for subscription or sale unless an offer is made at the same time and to the same person for an identical number of Units for issue or sale;

- issue or sell any Shares to any person unless an identical number of Units are also issued or sold to the same person at the same time;
- register any transfer of Shares to any person unless an identical number of Units is also transferred to the same person at the same time;
- consolidate, sub-divide, forfeit, cancel or buy-back any Shares or otherwise re-organise the capital of the Company unless at the same time there is a corresponding consolidation, sub-division, cancellation or buy-back of Units or re-organisation of the capital of the Trust; and
- make any offer relating to Shares for subscription or sale unless the offer requires the subscription or sale of an equal number of Units to the number of Shares subscribed for or bought. Subject to the Corporations Act, the Listing Rules and approval by resolution of Shareholders and Unitholders, the Directors may determine that the Stapling provisions of the Constitution cease to apply. The Stapling provisions of the Constitution may not be amended without the prior written consent of the Responsible Entity.

The Constitution of the Company is to be amended as proposed in Resolution 4 in the Notice of EGM. A copy of the Constitution with the proposed amendments notionally included can be obtained by an Investor free of charge from the Company during the Offer period.

11.4 Stapling and Asset Management Deed

On 4 November 2004, the Trust's name was changed from Leyshon Group Property Trust #1 to Leyshon Property Trust No. 3 and the Trust Deed was varied on 8 November 2004 for the purposes of the listing on BSX which occurred on 22 December 2004. The responsibilities of Leyshon Corporation Limited as Responsible Entity, together with all duties, obligations and rights pertaining to the Trust are set out in the Trust Deed. The rights and interests of Unitholders, including the right to receive distributions, attend and vote at meetings, register complaints and participate in the winding up of the Trust are also set out in the Trust Deed.

On 8 November 2004, the Responsible Entity, Leyshon Developments No. 3 and the Asset Manager entered into the Stapling and Asset Management Deed.

Stapling

Under the stapling provisions of the Stapling and Asset Management Deed, the Responsible Entity and Leyshon Developments No. 3 have agreed that:

- each Unit and Share must be stapled to one another;
- Leyshon Property Trust No. 3 must not issue a Unit unless a Share is issued at the same time and to the same person;
- Leyshon Developments No. 3 must not issue a Share unless a Unit is issued at the same time and to the same person;
- the Responsible Entity must not issue any right or option to acquire any Unit in Leyshon Property Trust No. 3 unless Leyshon Developments No. 3 issues a corresponding right or option to acquire Shares;
- Leyshon Developments No. 3 must not issue any right or option to acquire any Shares unless the Responsible Entity issues a corresponding right or option to acquire Units in Leyshon Property Trust No. 3; and
- the Responsible Entity may not without the prior written consent of Leyshon Developments No. 3 issue any class of unit in Leyshon Property Trust No. 3 or any right or option to acquire any such units.

Leyshon Developments No. 3 and the Responsible Entity also must not do any act, matter or thing or refrain from doing any act, matter or thing which would result directly or indirectly in any Share or Unit no longer being stapled as a Stapled Security unless a special resolution of the Shareholders and Unitholders is passed resolving to unstaple the Stapled Securities or unless stapling becomes illegal or prohibited by the Listing Rules.

If Leyshon Corporation Limited retires as the Responsible Entity of Leyshon Property Trust No. 3:

- Leyshon Corporation Limited must use its best endeavours to appoint a new responsible entity under the Trust Deed and to ensure that the new responsible entity executes a deed in a form acceptable to Leyshon Developments No. 3. Leyshon Corporation Limited must also obtain an undertaking from the new responsible entity that it will be bound by all of the obligations of Leyshon Corporation Limited under the Stapling and Asset Management Deed; and
- Upon the new responsible entity assuming the obligations of Leyshon Corporation Limited under the Stapling and Asset Management Deed, the previous responsible entity will be discharged and released from its obligations under the Stapling and Asset Management Deed other than in relation to any negligence, default or breach that occurred whilst it was still the Responsible Entity of Leyshon Property Trust No. 3.

Asset Management

Under the asset management provisions of the Stapling and Asset Management Deed, the general obligations of each party are that each party must, as applicable:

- be just and faithful and provide full information to the other in relation to the Projects;
- do and cause to be done all things necessary in accordance with the Stapling and Asset Management Deed;
- do all acts, matters, things and sign, execute and deliver all documents and instruments as may be necessary or reasonably required to give full force and effect to the provisions of the Stapling and Asset Management Deed; and
- not unreasonably delay any action, approval, direction, determination or decision as required under the Stapling and Asset Management Deed.

Duties and obligations of Asset Manager

The specific obligations of the Asset Manager are the planning, direction, execution and carrying out of the Projects including the co-ordination of all consultants and negotiating with third party financiers.

The Asset Manager may also incur costs in the performance of its duties as allowed for in the project feasibility and additionally up to \$10,000 per month for incidentals associated with the project.

By the last business day of the month following the end of each calendar half year, the Asset Manager must provide a written report to Leyshon Developments No. 3 and the Investors which compares actual financial results to the date of the report to the results of the corresponding period for the prior year. The half year report must also address in detail, the progress of the Projects.

Fees

In consideration for carrying out its obligations under the Stapling and Asset Management Deed, the Asset Manager will receive the following fees:

- an acquisition fee of 2% of the purchase price of each Trust Project acquired by the Trust upon settlement of the purchase of the Projects;
- an asset management fee of 0.5% per annum of each Trust Projects' current Market Value payable in monthly instalments in arrears, commencing on the date of settlement of the purchase of each Trust Project;
- a Development Management Fee of 5% of the Total Development Cost of each Company Project, payable monthly in arrears spread in equal amounts over the term of each Company Project;

- a Performance Fee when either:
 - (a) an Interim Distribution is paid to Investors; or
 - (b) on termination of the Asset Manager; or
 - (c) on the execution of a contract to sell a Project of the Trust,
 and is calculated as follows:
 - (d) in the event that the Internal Rate of Return exceeds 15% and is less than 20%, then the Asset Manager will receive a Performance Fee equal to 50% of any amount resulting in the Internal Rate of Return being greater than 15%; and
 - (e) in the event that the Internal Rate of Return exceeds 20% the Asset Manager will receive a Performance Fee equal to 75% of any amount resulting in the Internal Rate of Return being greater than 20%.

The Performance Fee in (d) and (e) may be paid either:

- in part by the Trust and in part by Leyshon Developments No. 3;
- paid in full by the Trust; or
- paid in full by Leyshon Developments No. 3.

Leyshon Developments No. 3 and Leyshon Corporation (in its capacity as Responsible Entity of the Trust) are to agree on the proportion of the Performance Fee to be paid by Leyshon Developments No. 3 and the Trust having regard to the level of services performed by the Asset Manager.

The Performance Fee payable to the Asset Manager under the terms of this deed is the same as the performance fee payable pursuant to the Trust Deed. The obligation to pay the fee under this deed does not create another liability to satisfy payment of the fee.

Distributions

The distributions paid during the year will be taken to be paid:

- firstly, payment of profits that have been taxable income in any income year and which have not been paid in a prior income year;
- secondly, payment of profits that have been in excess of taxable income and which were unpaid at the commencement of the income year; and
- thirdly, as partial capital repayments of the initial amount invested by the Investors.

The proceeds of the final sale of the Projects, upon termination of the Fund will be distributed in the following order:

- firstly, in payment of any amounts due and payable to discharge any mortgages or encumbrances which affect the title of the Projects and which secure borrowings (if any);
- secondly, in payment of Total Development Cost including outstanding fees payable to the Asset Manager and the costs of sale; and
- thirdly, the remainder to Investors.

Termination and default

The Stapling and Asset Management Deed will terminate by mutual agreement or where there is any event of default.

An event of default occurs if a party breaches any provision of the Stapling and Asset Management Deed which would have a material effect and result in a material deterioration in the project feasibility prepared at the time the Stapling and Asset Management Deed was entered into and the breach is not remedied or capable of being remedied within 30 business days after receiving a notice of breach from another party requesting the breach to be remedied where:

- a receiver is appointed over its assets or undertaking, or an execution of any judgment debt is obtained against the party, levied upon any of its assets in an amount in excess of \$500,000 and that execution or process is not discharged or withdrawn within 60 business days;
- a party ceases to pay its debts or suspends a payment generally or is unable to pay its debts within the meaning of the Corporations Act as and when they become due;
- an official manager, voluntary administrator, liquidator or provisional liquidator is appointed for all or any part of its assets or undertaking;
- a party has entered into or the party resolves to enter into an arrangement, composition or compromise with, or assignment for the benefit of, its creditors generally or any class of creditors, or proceedings are commenced to sanction such an arrangement, composition or compromise other than for the purposes of a bona fide scheme of solvent reconstruction or amalgamation; or
- the Trust is terminated or its beneficiaries otherwise become presently entitled to the Trust assets, without prior written consent of the other parties.

A party must not start court proceedings except proceedings seeking interlocutory relief in respect of a dispute arising out of the Stapling and Asset Management Deed unless it has first complied with the dispute resolution provisions of the Stapling and Asset Management Deed.

A party claiming that there is a dispute must give notice to the other party giving details of the dispute in writing. During the five business days after the notice is given each party must use its best efforts to resolve the dispute. If the dispute is not resolved, each party agrees that the dispute must be referred at the request of either party to the respective chief operating officers who shall have an additional five business days to resolve the dispute. After both of these periods have lapsed, a party may terminate the dispute resolution process by giving notice to the other party.

In the event the dispute cannot be resolved in accordance with the dispute resolution mechanism set out above, it may be referred to the President for the time being of the Queensland Law Society to appoint a party to act as mediator. The mediator's decision will not be final and binding unless otherwise agreed by the parties and if the dispute remains unresolved, the parties are at liberty to seek to resolve the issue in the courts or otherwise.

In the event the Asset Manager is removed as Asset Manager without its consent for any reason other than negligence or fraud, in consideration of the work performed by the Asset Manager in managing the Projects prior to its removal, the Asset Manager will be paid a fee of 2% of the Market Value of the Projects as valued by an approved valuer and the fee is payable immediately prior to the removal of the Asset Manager.

The Fund Managers will convene a meeting of Investors, no later than every five years from the date of the first allotment of Stapled Securities in the Fund, to give Investors the opportunity to vote on a special resolution to terminate the Fund. A special resolution requires 75% of votes of Investors present and voting to be cast in favour of a resolution.

If there are any Projects underway at the time of the termination of the Fund, the Asset Manager or their nominee will be offered the right (but will not have any obligation) to purchase the Projects at their Market Value as assessed and agreed by two independent valuers. In the event the two valuers fail to reach agreement, a third independent valuer will be appointed to determine the Market Value, taking into account the evidence utilised by the two original valuers and such matters considered relevant.

Powers of attorney

To enable the Asset Manager to fulfil its obligations under the Stapling and Asset Management Deed, Leyshon Developments No. 3 will appoint the directors of the Responsible Entity and the manager of property development for so long as they remain a director or the manager of property development and Leyshon Corporation Limited is the Responsible Entity, as their attorneys to approve and sign documents with respect to all aspects of the management of the Project.

The Stapling Asset Management Deed is to be amended as proposed in Resolution 5 in the Notice of EGM. A copy of the Stapling Asset Management Deed with the proposed amendments notionally included can be obtained by an Investor free of charge from the Fund Managers during the Offer period.

11.5 Custody Agreement

The Responsible Entity and the Custodian have entered into a Custody Agreement which sets out the terms of the relationship between the Responsible Entity and the Custodian with respect to Leyshon Property Trust No. 3. The general obligations of the Custodian relate to it holding all of the Trust's assets as agent for the Responsible Entity. The Responsible Entity also has obligations under the Custody Agreement, such as placing the Trust's assets into the control of the Custodian and to indemnify the Custodian in respect of any liability the Custodian may incur in acting in accordance with the Responsible Entity's direction, or performing any duties under the Custody Agreement.

The Custodian will only carry out instructions in respect of the Trust which are given and authorised by the Responsible Entity.

All fees payable under the Custody Agreement will be adjusted annually in accordance with increases in the consumer price index.

In addition, the Custodian will be entitled to be reimbursed for out of pocket expenses incurred in performance of its duties.

11.6 London Woolstore Development Agreement – Leyshon Developments No. 3 and London Woolstore Trust

On 8 November 2004, Leyshon Developments No. 3 and Leyshon Properties Pty Ltd as trustee for the London Woolstore Trust entered into the London Woolstore Development Agreement. Leyshon Properties Pty Ltd is the registered proprietor of the land and Leyshon Developments No. 3 has agreed to perform specific tasks in the development of the London Woolstore Project.

Funds advanced

As security for the commitment of Leyshon Development No. 3 to undertake the tasks specified in the London Woolstore Development Agreement, Leyshon Properties Pty Ltd has granted a registered mortgage over London Woolstore and a fixed and floating charge over the assets of Leyshon Properties Pty Ltd, both of which rank behind security of the project's financier.

The Project's financier required a deed of priority to be executed by Leyshon Developments No. 3 which stipulated the order of repayment of Leyshon Properties Pty Ltd's loans. The repayment of the Project's financiers loan has priority over the repayment of Leyshon Properties Pty Ltd's loan.

Under the London Woolstore Development Agreement, Leyshon Properties Pty Ltd will be entitled to be fully reimbursed by Leyshon Developments No. 3 for all costs incurred with respect to the London Woolstore Project. Leyshon Properties Pty Ltd has arranged the finance for the London Woolstore Project and entered into all contracts and arrangements in its own right and is responsible for payments to be made under those contracts and arrangements. The payments made under the contracts and arrangements that Leyshon Properties Pty Ltd entered into in its own right formed a part of the Total Development Cost.

Leyshon Properties Pty Ltd will have a guaranteed return of \$300,000 on the completion of the London Woolstore Project this amount being representative of the provision of a corporate guarantee to a financier in providing a loan for the London Woolstore Project, refer (c) below.

On the ultimate sale of the London Woolstore Project, the net proceeds of the sale will be distributed in the following order:

- (a) firstly, in payment of any amounts due and payable to discharge any mortgages or encumbrances which secure borrowings (if any);
- (b) secondly, in payment of any outstanding Total Development Costs; and
- (c) finally, to Leyshon Developments No. 3 in payment of its project delivery fee calculated as, Total Development Cost plus a margin of up to 20% of the Total Development Cost (effectively a possible total fee of 120% of the Total Development Cost). The project delivery fee is contingent in that it is only payable, in part or in whole, to the extent that such a payment will allow for a guaranteed return for Leyshon Properties Pty Ltd as outlined above.

Termination and default

The London Woolstore Development Agreement will terminate by mutual agreement or where there is an event of default. An event of default occurs if:

- a party has failed to observe or perform any obligation under the London Woolstore Development Agreement or failed to comply with any other provision of the London Woolstore Development Agreement and the default has not been remedied within 14 days of written notice being given by the other party specifying the default and requiring it to be remedied;
- a petition to wind up Leyshon Properties Pty Ltd or Leyshon Developments No. 3 is presented or a meeting of members or creditors of Leyshon Properties Pty Ltd or Leyshon Developments No. 3 is called to consider a resolution for its winding up or a scheme or arrangement and the petition or scheme of arrangement is not dismissed within 21 days of its presentation or the petition or scheme of arrangement is for the purposes of a corporate reconstruction and both Leyshon Properties Pty Ltd and Leyshon Developments No. 3 remain solvent; or
- a receiver or a receiver and manager is appointed and the appointment is not revoked within 21 days.

Dispute resolution

If a dispute or difference arises between Leyshon Properties Pty Ltd and Leyshon Developments No. 3, then notice in writing to the other party must be given identifying the matters that are the subject of the dispute or difference and the parties are required to use their best endeavours to resolve the dispute or difference by undertaking investigations, holding meetings or conducting informal hearings as necessary or if the dispute or difference cannot be resolved, by agreeing upon a process for resolving the dispute or difference other than by litigation or arbitration.

If the dispute or difference cannot be resolved between the parties themselves, then the dispute or difference must be determined by arbitration.

Reports

Leyshon Developments No. 3 is required to prepare a quarterly report to Leyshon Properties Pty Ltd on the status of the London Woolstore Project with respect to its specific tasks set out in the London Woolstore Development Agreement. The tasks of Leyshon Developments No. 3 will be to:

- undertake development works or engage contractors to carry out the London Woolstore Project;
- monitor and observe the progress of the London Woolstore Project and regularly report to Leyshon Properties Pty Ltd;
- coordinate activities, investigations, reports and recommendations of all consultants and others employed in connection with the London Woolstore Project and report to Leyshon Properties Pty Ltd;

- ensure that all applications for rezoning and development consents, permits and approvals necessary for the London Woolstore Project are made in good time and otherwise minimise delay to the progress of the development works;
- effect insurance with respect to the London Woolstore Project and take all reasonable steps necessary to ensure that insurance cover is maintained for the duration of the London Woolstore Project and attend to any insurance claims arising with respect to the London Woolstore Project; and
- initiate coordination and liaison action as may be reasonably available to ensure that all time schedules are met.

On 8 November 2004, Leyshon Developments No. 3 engaged the Asset Manager to perform the above duties.

11.7 Palm Beach Development Agreement

On 29 April 2005, Leyshon Palm Beach Developments Pty Ltd (a wholly owned subsidiary of the Company), Leyshon Corporation Limited and Palm Beach Developments Pty Ltd entered into the Palm Beach Developments Agreement. Leyshon Palm Beach Developments Pty Ltd is the registered proprietor of the Palm Beach site. Palm Beach Developments Pty Ltd previously owned the Palm Beach Site and is unrelated to the Fund. Palm Beach Developments Pty Ltd has agreed to provide some of the loan funding for the development.

Leyshon Palm Beach Developments Pty Ltd is providing the equity funding required for the development. Leyshon Corporation Limited is appointed to manage the development.

Funds advanced

Leyshon Palm Beach Developments Pty Ltd will contribute equity to the project and has sourced the necessary finance for the project.

The project's funding has been structured as follows:

- (a) The project's principal financier is St George Bank Limited;
 Leyshon Palm Beach Developments Pty Ltd has granted a registered mortgage over the Palm Beach Site and a fixed and floating charge over the assets of Leyshon Palm Beach Developments Pty Ltd.
 A deed of priority has been executed which stipulates the order of repayment of Leyshon Palm Beach Developments Pty Ltd's loans.
- (b) Palm Beach Developments Pty Ltd has contributed a loan of \$3 million to the project as follows:
 - (i) approximately \$1 million was paid to Leyshon Palm Beach Developments Pty Ltd by way of loan when the land was acquired by that Company (the amount was set off against the price paid for the land); and
 - (ii) approximately \$2 million was paid into a solicitors trust account to be applied by way of loan to Leyshon Palm Beach Developments Pty Ltd to meet development costs from time to time over the course of the project.

The trust funds are to be drawn upon by Leyshon Palm Beach Developments Pty Ltd as and when required. The drawdown amount is determined by a formula that ensures that Palm Beach Developments Pty Ltd's total contribution (drawn down and paid to Leyshon Palm Beach Developments Pty Ltd) from time to time is 20% of the total equity contribution needed for the project as a whole. Drawdowns will continue until all the trust monies have been applied to development costs.

At the point where Palm Beach Developments Pty Ltd's contributions applied to development costs reaches \$3 million, Leyshon Palm Beach Developments Pty Ltd may request further loan contributions but Palm Beach Developments Pty Ltd is not obliged to provide same. Leyshon Palm Beach Developments Pty Ltd must provide all equity required in this event.

Palm Beach Developments Pty Ltd's loan contributions are to be repaid from the net proceeds on the sale of the project. In addition to repayment of the loan, Palm Beach Developments Pty Ltd is entitled to a share of the project's profit. Palm Beach Developments Pty Ltd's profit share is the percentage of the final cash surplus that Palm Beach Developments Pty Ltd's total loans bear to the total equity that was needed to complete the project. The profit share will be in the order of 20% of the relevant cash surplus but the percentage proportionately decreases if Palm Beach Developments Pty Ltd elects not to increase their loan beyond its original \$3 million loan contribution.

To secure the loan, Leyshon Palm Beach Developments Pty Ltd have granted Palm Beach Developments Pty Ltd a registered mortgage over the Palm Beach Site which will rank behind the security of the project's financier.

The project is non recourse to Palm Beach Developments Pty Ltd and the liability of Palm Beach Developments Pty Ltd for losses associated with the project is limited to its agreed proportion of any losses with a maximum liability not to exceed its total loan contribution and any distribution of surplus cash it may receive.

Leyshon Palm Beach Developments Pty Ltd assumes the risks associated with the development but retains a right of recourse to recover any losses from the loan moneys that Palm Beach Developments Pty Ltd is obliged to contribute under the Palm Beach Development Agreement.

Leyshon Corporation Limited must manage and carry out the development works necessary to achieve completion of the project. Leyshon Corporation Limited is entitled to receive a fee for undertaking this work. The fee is calculated as 5% of the total development costs excluding income tax. The fee is to be paid by equal monthly instalments in arrears over the duration of the project based on the anticipated duration of the project.

Leyshon Corporation Limited is not liable for the acts or defaults of building contractors or subcontractors employed for the project and is not liable for any losses incurred in the course of the project except to the extent that such losses are attributable to any fraudulent or negligent act or omission of Leyshon Corporation Limited.

Termination

Leyshon Palm Beach Developments Pty Ltd may terminate the Palm Beach Development Agreement if all of the lots and any other sizable asset in the project are not sold by the date which is two years after practical completion of the final stage of construction. A notice must be given to Palm Beach Developments Pty Ltd electing to pay out Palm Beach Developments Pty Ltd for its interest in the Palm Beach Development Agreement. The value of the interest will be determined by independent valuation.

Distribution of proceeds on ultimate sale

The parties agree that the net proceeds on the sale of the project will be distributed in the following order:

- firstly, to pay the project's financier;
- secondly, to pay any outstanding development costs including fees payable to Leyshon Corporation Limited;
- thirdly, for Leyshon Palm Beach Developments Pty Ltd to hold a 1% retention for a two year period for the purpose of paying out expenditure which has not been anticipated or which arises out of unforeseen circumstances;
- fourthly, in repayment of the loan to Palm Beach Developments Pty Ltd; and
- fifthly, to pay the share of profit to Palm Beach Developments Pty Ltd.

Event of default

A party will be in default if they fail to observe or perform an obligation under the Palm Beach Development Agreement and that failure is not remedied within 45 days of receiving written notice specifying the default, or if an insolvency event occurs in respect of a party.

11.8 Distribution reinvestment plan

The Fund distribution reinvestment plan ("Plan") is not currently activated but may be activated by the Boards at any time. Once activated, the Plan enables an Investor to reinvest a cash distribution from all or part of their Stapled Security holding to acquire additional Stapled Securities.

Issue Price

Stapled Securities issued under the Plan will be at an amount equal to the net asset value of the Fund divided by all Stapled Securities on issue. For the purposes of the Plan, the net asset value means the Market Value of all assets of the Fund less all liabilities.

Stapled Securities rank equally

Stapled Securities issued under the Plan rank equally with existing Stapled Securities at the time of issue. The Fund Managers will immediately apply for official quotation of those Stapled Securities on BSX.

Optional Participation – may be varied from time to time

Participation in the Plan will be voluntary. If an Investor does not participate in the Plan, distributions will be paid in the usual manner. Investors will be able to elect to join, vary their participation or withdraw from the Plan at any time.

Reinvestment of distributions at the election of the Fund Managers

Reinvestment of distributions will occur at the election of the Funds Managers by notice in writing to the Investors, who have elected to participate in the Plan and have not suspended or terminated their participation.

Brokerage

Participants in the Plan will pay no brokerage, commission or stamp duty in respect of the Stapled Securities acquired under the Plan.

Section 12 Additional Information

12.1 Incorporation

Prior to 4 November 2004, Leyshon Property Trust No. 3 was known as Leyshon Group Property Trust #1.

The Trust was established on 14 May 2004 and has a financial year end of 30 June. The Trust was dormant from 14 May 2004 to in or about November 2004.

Leyshon Developments No. 3 was incorporated on 2 November 2004 and has a financial year end of 30 June.

12.2 Rights attaching to Stapled Securities

There is only one class of Stapled Securities. As at the date of this Offer Document, there are 35 million Stapled Securities on issue. The rights attaching to Stapled Securities are set out in the Trust Deed and the Constitution of the Company, as summarised in Sections 11.2 and 11.3 respectively.

12.3 Shareholding qualifications

Directors are not required under the Constitution to hold any Stapled Securities.

12.4 Litigation

As at the date of this Offer Document neither the Responsible Entity nor the Company are involved in any material legal or arbitration proceedings nor, so far as the Responsible Entity or the Company are aware, are any such material proceedings pending or threatened against the Responsible Entity or the Company.

12.5 Nature of Offer Document

To the extent this Offer Document is a prospectus, as it relates to the offer of Shares in the Company, it has been issued pursuant to Section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities because the Company is listed on BSX and the Shares, in conjunction with the Units, are quoted on BSX.

To the extent this Offer Document is a product disclosure statement, as it relates to the offer of Units in the Trust, it has been issued pursuant to Section 1013FA of the Corporations Act as a product disclosure statement for the offer of continuously quoted securities because the Trust is listed on BSX and the Units, in conjunction with the Shares, are quoted on BSX.

12.6 Regular reporting and disclosure obligations

The Fund is a disclosing entity for the purpose of the Corporations Act and as such it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Fund to notify BSX of information about specified events and matters as they arise for the purpose of BSX making that information available to the market conducted by BSX. In particular, the Fund has an obligation under the Listing Rules (subject to certain limited exceptions) to notify BSX immediately once it becomes aware of any information concerning the Fund, which a reasonable person would expect to have a material effect on the price or value of Stapled Securities or other securities issued by the Trust or the Company. That information is available on the public file at BSX.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

12.7 ASIC modifications

ASIC has granted the following modifications and exemptions:

- an exemption from compliance with Part 5C.7 of the Corporations Act to enable the Responsible Entity to provide financial benefits out of the Trust's property to the Company and its controlled entities while the Shares are stapled to the Units and
- a modification of paragraphs 601FD(1)(c) of the Corporations Act to enable the Responsible Entity and its directors to consider the interests of investors as a whole rather than their interests solely as Unitholders.

12.8 Documents available on request

The Fund will provide a copy of each of the documents listed below, free of charge, to any person who asks for same in the period commencing on the date of this Offer Document and ending 13 months after the date of this Offer :

- the annual financial report of the Fund for the year ended 30 June 2005;
- the Financial Report, being the report of the Fund for the half year ended 31 December 2005; and
- all documents used to notify BSX of information concerning the Fund under the Listing Rules relating to continuous disclosure since December 2004 and before lodgement of this Offer Document with ASIC which are as follows:

Date	Title
16 May 2006	Changes to Board
3 May 2006	Notice of Initial Substantial Shareholder
28 April 2006	Quarterly Investor Report 31/3/06
13 April 2006	Notice of Substantial Stapled Security Holder
13 April 2006	Increase in Substantial Stapled Security Holding
3 April 2006	Decrease in Substantial Stapled Security Holding
31 March 2006	Distribution Notification
31 March 2006	Notice of AGM
31 March 2006	Notice of Change in Interest of Substantial Stapled Security Holder
30 March 2006	Notice of Change in Substantial Stapled Security Holder
30 March 2006	Notice of Initial Substantial Stapled Security Holder
16 March 2006	Half Yearly Accounts - 31 December 2005
16 March 2006	Annexure 3A - 31 December 2005
1 February 2006	Quarterly Investor Report 31/12/05
19 December 2005	Distribution Notification
28 October 2005	Quarterly Investor Report 30/09/05
29 September 2005	Distribution Notification
22 September 2005	Annual Report 2004/05
8 September 2005	Annexure 3A
2 August 2005	Top 20 Stapled Security Holders
29 July 2005	Quarterly Investor Report 30/06/05
26 July 2005	Proposed sale of property - London Woolstore
30 June 2005	Closure of Prospectus and PDS (fully subscribed)
30 June 2005	Distribution Notification
30 June 2005	Quotation of additional Stapled Securities
8 June 2005	Acquisition of redevelopment site - Palm Beach
20 May 2005	Quarterly Investor Report 31/03/05

Date	Title
19 May 2005	Quotation of additional Stapled Securities
19 April 2005	Distribution Notification
1 April 2005	Quotation of additional Stapled Securities
16 March 2005	Half yearly Statutory Accounts 31/12/04 and Annexure 3A
28 January 2005	Distribution Notification
23 December 2004	Initial Directors' interests
22 December 2004	Commencement of quotation on BSX
22 December 2004	Open Prospectus and PDS
22 December 2004	Distribution reinvestment plan - not activated
22 December 2004	BSX Top 20 Stapled Security Holders and Distribution Notification 31/12/04
22 December 2004	BSX listing contract
22 December 2004	Prospectus and PDS
22 December 2004	Stapling and Asset Management Deed
22 December 2004	Annual Distribution Notification 2004/05
22 December 2004	Custody Agreement
22 December 2004	Trust Deed
22 December 2004	Constitution
21 December 2004	BSX listing application

12.9 Documents available for inspection

Each of the following documents are available for inspection during business hours at the Fund's offices:

- Trust Deed
- Constitution; and
- Stapling and Asset Management Deed.

12.10 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Offer Document or any statement on which a statement made in this Offer Document is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Offer Document, other than the reference to its name and a statement included in this Offer Document with the consent of that party, as specified below.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company and the Trust in the form and context in which it is named.

Ernst & Young has given, and has not withdrawn, its written consent to be named as auditor and tax adviser, in the form and context in which it is named.

DDH Graham Limited has given, and has not withdrawn, its written consent to be named as share application processor in the form and context in which it is named.

The Public Trustee of Queensland has given, and has not withdrawn, its written consent to be named as Custodian in the form and context in which it is named.

Savills (Qld) Pty Limited has given, and has not withdrawn, its written consent to be named as an independent valuer in the form and context in which it is named and to the inclusion of its summary valuation reports in Annexure A in the form and context in which they are included.

CB Richard Ellis (C) Pty Ltd has given, and has not withdrawn, its written consent to be named as an independent valuer in the form and context in which it is named and to the inclusion of its summary valuation report in Annexure A in the form and context in which it is included.

LandMark White (Brisbane) Pty Ltd has given, and has not withdrawn, its written consent to be named as an independent valuer in the form and context in which it is named and to the inclusion of its summary valuation report in Annexure A in the form and context in which it is included.

Each of the Directors of the Fund Managers have given, and have not withdrawn their consents to be named in this Offer Document and have consented to references to each Director in the form and context in which they are included.

None of the Fund Managers, the Custodian, nor any expert (or any of their lawyers or advisers) gives any advice as to whether any person should invest in the Fund and does not in any way guarantee the return of any investment, any tax deduction with respect to an investment or the performance of the Fund generally.

12.11 Independent investment decision

This Offer Document is not, and should not be construed as, a recommendation to any person to apply for Stapled Securities in the Fund. This Offer Document does not purport to contain all the information an interested party may require to make an informed decision as to whether to invest or otherwise.

Any person contemplating an investment in the Fund should make their own independent investigation of the terms of the investment and forecasts, values, assumptions and estimates after taking all appropriate advice from qualified professional persons and base any investment decision on their own investigations and advice.

12.12 Interests of experts and advisers

Except as set out in this Offer Document, no person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document:

- has any interest or has had any interest during the last two years, in the formation or promotion of the Trust or the Company, or in property acquired or proposed to be acquired by the Trust or the Company in connection with its formation or promotion, or the Offer of the Stapled Securities; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Trust, the Company, or the Offer of the Stapled Securities.

McCullough Robertson has acted as legal adviser to the Fund Managers in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer. McCullough Robertson will be paid an amount of approximately \$150,000 (GST exclusive) in respect of these services.

Ernst & Young has provided taxation advice to the Fund Managers in relation to the Offer and will be paid an amount of approximately \$10,000 (GST exclusive) in respect of these services.

Ernst & Young Transaction Advisory Services Limited has provided a report to the Directors in respect of the financial information included in Section 9 and will be paid an amount of approximately \$30,000 (GST exclusive) in respect of these services.

DDH Graham Limited will provide share application processing services for the Fund and will be paid an amount of \$15,000 (GST exclusive) for this service.

Savills (Qld) Pty Limited has prepared valuations and two of the valuation summaries included in Annexure A and will be paid an amount of approximately \$40,000 (GST exclusive) in respect of its services.

CB Richard Ellis (C) Pty Ltd has prepared a valuation and a valuation summary included in Annexure A and will be paid an amount of approximately \$15,000 (GST exclusive) in respect of its services.

LandMark White (Brisbane) Pty Ltd has prepared a valuation and a valuation summary included in Annexure A and will be paid an amount of approximately \$3,000 (GST exclusive) in respect of its services.

12.13 Disclosure of interests

The interests of the Directors of the Company, the Responsible Entity and the Asset Manager are set out below. The Responsible Entity, Leyshon Corporation Limited, is owned by entities including Leyshon Pty Ltd and entities associated with Bob Bryan, Geoff McMahon and Neil Summerson and other entities associated with Neil Summerson, Michael O'Reilly, Geoff McMahon and Bill Collins.

Geoff McMahon, Bob Bryan and Neil Summerson are directors and shareholders of Leyshon Properties Pty Ltd and directors and shareholders of Leyshon Pty Ltd, the providers of corporate guarantees for the London Woolstore Project bank debt.

Scott Bryan is a director of Leyshon Properties Pty Ltd and Leyshon Pty Ltd, the providers of corporate guarantees for the London Woolstore Project bank debt.

Except for fees, remuneration and other interests disclosed in this Offer Document, no other fees or benefits have been paid to, or have agreed to be paid to the Asset Manager, the Responsible Entity or Leyshon Developments No. 3, any directors or proposed directors of the Asset Manager, the Responsible Entity and Leyshon Developments No. 3, or to any promoter of the Fund in connection with this Offer or the formation and promotion of the Fund or any property acquired or proposed to be acquired by the Trust or the Company in connection with its formation and promotion.

Stapled Security holdings

The Directors of Leyshon Developments No. 3 and Leyshon Corporation Limited, or their associates have a beneficial interest in the following Stapled Securities:

Director	Existing Holding	Anticipated to be taken up under the Capital Raising	Total Anticipated Holding
Bob Bryan	10,601,000	21,202,000	31,803,000
Scott Bryan	-	50,000	50,000
Ken Pickard	500,000	200,000	700,000
Geoff McMahon	10,615,000	21,230,000	31,845,000
Michael O'Reilly	36,000	72,000	108,000
Neil Summerson	10,611,000	21,222,000	31,833,000
Bill Collins	36,000	72,000	108,000

Transactions with related parties

Leyshon Corporation Limited, the Company and the Responsible Entity are parties to the Stapling and Asset Management Deed. Refer to Section 10 and Section 11.4 for a summary of this deed and the fees payable under this deed.

In accordance with the Blue Tower Asset Management Agreement dated 28 November 2003 and amended on 6 June 2006, the Blue Tower Trust asset managers, Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd ("AAPIPA") will earn asset management fees of approximately \$17.7 million in the event the Takeover becomes unconditional. This fee is payable by Blue Tower Trust.

Upon the acquisition of Blue Tower Trust by the Trust, the Asset Manager will earn an acquisition fee of 2% of the value of Comalco Place (current independent property valuation being \$184 million). This fee is payable by LPT3.

Leyshon Developments No. 3 and Leyshon Properties Pty Ltd as trustee for the London Woolstore Trust entered into the London Woolstore Development Agreement on 8 November 2004 and some of the directors of the parties to the London Woolstore Development Agreement are common. Leyshon Properties Pty Ltd will be entitled to a guaranteed return of \$300,000 at the completion of the London Woolstore Project. Refer to Section 11.6 for a summary of this agreement and the fees payable under this agreement.

Payments to Directors

The Constitution of Leyshon Development No. 3 provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner and proportion as they agree. However, no Directors' fees are anticipated to be paid.

Ken Pickard is a partner in a partnership which is to be paid referral fees of approximately 1.8% of any capital raised under the Offer from investors who are introduced by that partnership.

Except for fees, remuneration and other interests disclosed in this Offer Document, no other fees or benefits have been paid to, or agreed to be paid to the Asset Manager, the Company or the Responsible Entity, any proposed directors or promoters of those entities in connection with this Offer or the formation and promotion of the Fund or any property acquired or proposed to be acquired by the Trust or the Company.

12.14 Expenses of the Capital Raising

A summary of the total estimated expenses of the Offer (GST exclusive) payable by the Trust and the Company are set out in the table below.

Expense	\$('000)
Brokerage and referral fees	1,000*
BSX fees	15
ASIC fees	5
Share application processing fees	15
Printing costs	15
Consulting fees	276
Contingency	70
TOTAL	1,396**

* This amount includes a significant contingency and may not be fully incurred.

** None of these costs are payable to the Asset Manager.

12.15 Supplementary offer document

A supplementary offer document will be issued if either of the Fund Managers becomes aware of any of the following between the issue of the Offer Document and the date that the Stapled Securities are quoted:

- a material statement in the Offer Document is false or misleading;
- there is a material omission from the Offer Document;
- there has been a significant change affecting a matter included in the Offer Document; or
- a significant new matter has arisen and it would be required to be included in the Offer Document.

12.16 Responsibility

Only the Fund Managers are authorised to give any information with respect to the Fund Managers and the Fund. Any information given by other parties other than the information contained in this Offer Document is without the authorisation of the Fund Managers.

12.17 Environmental and ethical considerations

Whilst the Fund Managers intend to conduct their affairs in an ethical and sound manner, their investment criteria do not include giving extra weight to labour standards, environmental, social or ethical considerations when making, retaining or realising an investment of the Company or the Trust.

12.18 Privacy

Upon applying for Stapled Securities, Applicants will be required to provide personal information to the Fund Managers directly, such as name, address, email address, telephone and fax numbers, tax file number and bank account details.

The Fund Managers collect, hold and use that personal information to assess applications, provide facilities and services to Applicants and undertake appropriate administration. Access to information may be disclosed by the Fund Managers to its agents and service providers on the basis that they deal with such information in accordance with the Privacy Act 1988 as amended.

Applications which do not provide the information requested may not be processed. Under the Privacy Act 1988 as amended, Applicants may request access to their personal information held by or on behalf of the Fund Managers by contacting the Fund Managers.

Annexure A - Summary Valuation Reports

COMALCO PLACE



Attention: Mr William Collins
Leyshon Corporation Limited
atf Blue Tower Trust
GPO Box 3119
BRISBANE QLD 4001

Savills (Qld) Pty Limited
ABN 14 010 654 109
E probbins@savills.com.au
DL 07 3002 8849
F 07 3221 8771

Level 15, 120 Edward Street
GPO Box 2607
Brisbane QLD 4001
T 07 3221 8355
savills.com.au

1 June 2006
V4-60311A

Dear Sir

RE: COMALCO PLACE, 12 CREEK STREET, BRISBANE, QLD

We refer to your instructions requesting a market valuation of the freehold interest, subject to the tenancies, of the above mentioned property. The valuation is required for inclusion in a Prospectus and Product Disclosure Statement, Bidders Statement and Target Statement and may be relied upon by Leyshon Corporation Limited as trustee for Blue Tower Trust, Leyshon Corporation Limited as trustee for Leyshon Property Trust No. 3, Leyshon Developments No. 3 Limited, Ernst & Young Transaction Advisory Services Limited and for first mortgage security assessment purposes by an intending mortgagee to be approved in writing by Savills (Qld) Pty Limited. We have prepared a comprehensive format valuation report which is available upon request from Leyshon Corporation Limited. The following is a summary of that report. Parties seeking detailed information of our valuation should refer to our full valuation report held by Leyshon Corporation Limited.

BRIEF DESCRIPTION

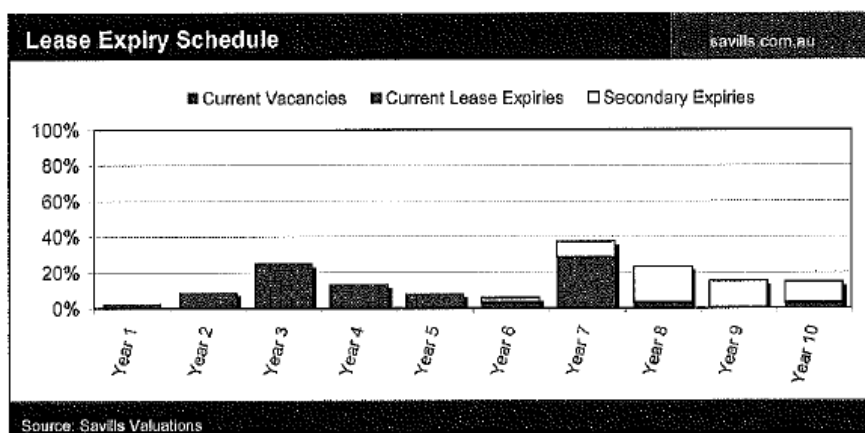
The property comprises a 37 level, commercial office tower which was constructed in 1984 and provides four basement levels of car parking, ground floor foyer incorporating a retail tenancy, 32 upper levels of office accommodation and a detached two level Annex. The subject property is classified as an A-grade building under current Property Council Guidelines.

Comalco Place, which is also commonly referred to as the 'blue tower', comprises a net lettable area of 32,240m² inclusive of the detached, two level annexe which is situated in the northern section of the site with frontage to Elizabeth and Creek Street. The annexe offers retail space to the ground floor which is currently occupied by Bank West and first floor office accommodation currently leased by Leyshon Pty Ltd.

TENANCY OVERVIEW

We note there are 7 tenants who occupy greater than one floor within the building and 9 tenants who occupy full floors with these concentrated in the mid to highrise levels. The largest tenant with 13.7% of lettable area and 10.9% of gross passing income is Comalco whilst the next largest tenant with 9.4% of lettable area and 7.7% of gross passing income is Macquarie Bank.

The property's lease expiry profile is summarised in the below chart. At the present time the building is fully leased.



The average income weighted lease duration is approximately 4.49 years and the expiry profile highlights 25% of NLA in Year 3 and 29% in Year 7.

There are limited expiries within the building over the next two years with 2.4% of the NLA expiring in Year One and 8.9% expiring in Year Two. The outlook for office accommodation over the next two years is strong and we consider there to be no significant downside to these expiries, in fact it will provide the opportunity to review these tenants to market.

Expiries increase to 25% of NLA in Year Three (June-08 – May 09) with Comalco representing 12.9%, Worley 6.0% and George Patts 3.9%. Savills predicts vacancy rates at circa 6% for A Grade accommodation at this point with the likelihood that approximately 47,000m² of new and refurbished stock to enter the market in 2008. An additional 120,000 is also likely to be introduced to the market in 2009. This is clearly an asset management issue which should be monitored closer to expiry dates.

MARKET OVERVIEW

The Brisbane CBD leasing market remains extremely tight with the most recent PCA records identifying the A-Grade vacancy as 1.1% at January 2006. The overall vacancy figure is recorded as 3.5%, which is a record low for the Brisbane CBD office market. This has tightened considerably from January 2005 when vacancy was 5%. Key points are noted as follows:

- Current CBD Stock is 1.72 million m².
- Vacancy at 1 January 2006 is a record low of 3.5% (60,086 m²).
- 52,165m² was absorbed in the last 12 months.
- At present there are only 4 buildings in the CBD with more than 2,000m² available.
- The new Riparian Plaza added 30,500m² to the office stock.
- No new buildings will be added in the next six month period.
- It is possible that 200,000m² of new and refurbished stock will be added by mid 2009.
- "A" Grade net effective rentals increased by an average 17% in the last 6 months.
- \$418 million in CBD office properties sold in the six months to January 2006.
- Office building yields have broken the 7% level for fully leased premises.

The market for A Grade quality office buildings within the Brisbane office market is tightly held and given the property's price bracket (greater than \$50 million) and tenancy profile, we believe the most likely buyer would be an institution, property syndicate or large private investor. These buyer types have been extremely active in the current market with numerous offers being made for the property in recent times. It is our opinion that should the property be offered to the market in a public campaign there would be a strong level of buyer interest.

Market Sales Evidence

Address	Date	Price (\$M)	Lettable Area	Rate/m ²	Equated Market Yield	IRR
Bank of Queensland Centre, 259 Queen Street, Brisbane	Jul-04	\$118.60	24,754m ²	\$4,791	7.39%	9.61%
Waterfront Place, 1 Eagle Street, Brisbane	Feb-04	\$291.00	58,885m ²	\$4,942	7.73%	9.56%
201 Charlotte Street, Brisbane	Dec-05	\$67.05	4,997m ²	\$4,997	7.11%	8.58%
260 Queen Street, Brisbane	Early 2006	\$71.60	13,578	\$5,273	7.12%	9.27%

VALUATION ANALYSIS

The valuation has been determined by reconciliation between the Discounted Cash Flow (DCF) approach, Direct Comparison approach and the Capitalisation of Net Income approach. Our assessed average rentals for the building are as follows:

Component	Avg. Passing Rent	Avg. Market Rent
Office Tower	\$387	\$447*
Car parking	\$325/bay/pcm	\$325/bay/pcm
*Gross Face		

We have adopted the following core assumptions in preparing our valuation analysis:

Average Compound Growth	
Office	4.09%
Retail & Miscellaneous:	3.36%
Outgoings:	3.36%
Capital Expenditure:	Equates to \$298/m ² over the 10 year horizon
Letting Up:	3-6 mths @ 60%
Outstanding Incentives:	Assumes all incentives paid out. Net present value of incentives is currently \$3,123,068 at a discount rate of 7%.
Ongoing Incentives:	10% - 20% over 10 year DCF horizon
Terminal Yield:	7.5%
Discount Rate:	9.0%
Equated Market Yield:	7.0%
\$Rate/m ² of NLA:	\$5,707

We have been specifically advised to assume all incentives are paid out in our assessment. If this was not the case, these incentives would need to be deducted off the value assessed.

DCF QUALIFICATIONS

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of available data. However, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

LIABILITY DISCLAIMER

Savills has prepared this letter based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information.

Savills has prepared this summary for inclusion in the Prospectus and Product Disclosure Statement, Bidders Statement and Target Statement and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, these documents, other than in respect of the Valuation and this summary.

VALUERS' INTEREST

We confirm that Savills (Qld) Pty Limited and the appointed Valuer, Mr Paul Robbins, do not have any pecuniary interest that would conflict with the proper valuation of the property and the valuation being made independently of Leyshon Corporation Limited as trustee for Blue Tower Trust and/or its officers.

Neither the Valuer nor Savills are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

VALUATION SUMMARY

We assess the market value of the freehold interest in the subject property, as at 1 June 2006 and subject to the details and qualifications contained within our full report, to be as follows:

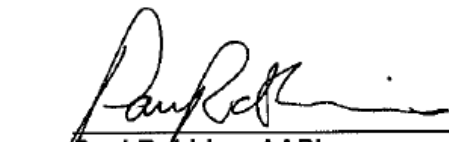
\$184,000,000 (*)

(One Hundred & Eighty-Four Million Dollars)

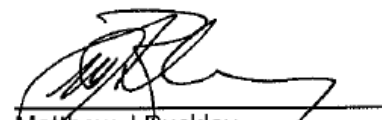
() This valuation amount is exclusive of a Goods and Services Tax.*

Prepared by: Savills (Qld) Pty Limited

Per:


Paul Robbins AAPI
Certified Practising Valuer
Registered Valuer No. 2094

Per:


Matthew J Buckley
Director
Valuation & Consultancy

(The above signatory verifies that this report is genuine, and issued by, and endorsed by Savills (Qld) Pty Limited. However the opinion expressed in this report has been arrived at by the prime signatory).

MELBOURNE STREET



Attention: Mr William Collins
Leyshon Corporation Limited
atf Leyshon Property Trust No. 3
GPO Box 3119
BRISBANE QLD 4001

Savills (Qld) Pty Limited
ABN 14 010 654 109
E probbins@savills.com.au
DL 07 3002 8849
F 07 3221 8771

Level 15, 120 Edward Street
GPO Box 2607
Brisbane QLD 4001
T 07 3221 8355
savills.com.au

1 June 2006
V4-60312A

Dear Sir

RE: 99 MELBOURNE STREET, SOUTH BRISBANE, QLD

We refer to your instructions requesting a market valuation of the freehold interest, subject to the tenancies, of the above mentioned property. The valuation is required for inclusion in a Prospectus and Product Disclosure Statement, Bidders Statement and Target Statement and may be relied upon by Leyshon Corporation Limited as trustee for Leyshon Property Trust No. 3, Leyshon Developments No. 3 Limited, Ernst & Young Transaction Advisory Services Limited and for first mortgage security assessment purposes by an intending mortgagee to be approved in writing by Savills (Qld) Pty Limited. We have prepared a comprehensive format valuation report which is available upon request from Leyshon Corporation Limited. The following is a summary of that report. Parties seeking detailed information of our valuation should refer to our full valuation report held by Leyshon Corporation Limited.

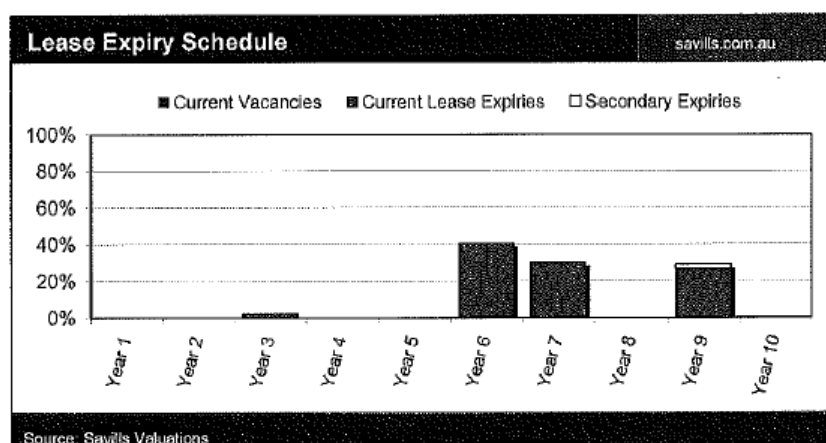
BRIEF DESCRIPTION

The interest in 99 Melbourne Street which we have valued comprises freehold title subject to existing tenancies. The subject property comprises a modern, five level, commercial building of brick construction which was completed in 2004. The site is located in a prominent, high profile fringe city locality and offers ground floor retail space as well as secure ground floor car parking with space for 34 vehicles and four levels of office accommodation. 99 Melbourne Street provides high quality commercial accommodation over large, contiguous floor plates which give a total NLA of 6,204m².

TENANCY OVERVIEW

Overall the office tenancies represent some 98% of the total lettable area and contribute 91% of gross passing income. Other income streams are derived from a ground floor retail tenancy, car parking and signage.

As at the date of valuation the property is 100% leased to five major tenants including Stockland (30.1% of NLA) and Lumley Insurance (26.9% of NLA). All five commercial tenants are committed to leases executed since December 2004, with Stockland's lease expiring in December 2011 and Lumley Insurance in December 2014.



The lease profile is considered strong for an asset of this nature with the office expiries not until year Six being Conrad & Gargett representing 10.7% of the NLA and Stockland Limited representing 30.1% of the NLA both expiring 31 December 2011. The balance of the offices expiries are staggered through years 7 & 9 which is advantageous from an asset management viewpoint. The weighted average lease profile for the asset is 6.6 years.

MARKET OVERVIEW

The Brisbane fringe office market has experienced a significant drop in vacancy rates from 7.5% to 4.2% over the last 12 months as tenants, unable to find accommodation in the tight CBD office market, have turned to the near city suburbs. Despite a net addition of 40,000m² in the past two year period, vacancy rates are down to the lowest level since monitoring of these markets first commenced by the Property Council of Australia. Vacancies in the Inner South precinct as at January 2006 were 2.9%.

Near city office accommodation is certainly starting to see the increases in face rentals that the CBD has been experiencing over the last 18 months. These increases are necessary to keep pace with construction costs but are quickly eroding the pricing differential between CBD and fringe locations that emerged over 2004/2005.

Office buildings, whether they are in the CBD or the city fringe suburbs remain in strong demand from investors as long promised rental growth is now becoming evident. Stock, however, is limited and yields are subsequently coming under more pressure as the potential for good rental growth in the next year is recognised. Yields for good quality established office buildings are now pressing the low to mid-eight percent and exceptional new fully leased buildings have sold in the low 7 percent range.

MARKET SALES EVIDENCE

Address	Date	Price (\$M)	Lettable Area	Rate/m ²	Equated Market Yield	IRR
CB2 within SWI, 100 Melbourne Street, South Brisbane	Aug-05	\$32.80	6606	\$4,956	7.00%	9.31%
CB1 within SWI, 100 Melbourne Street, South Brisbane	Aug-05	\$62.70	11496	\$5,454	7.01%	9.17%
303 Coronation Drive, Milton	Dec-05	\$20.50	6025	\$3,402	7.04%	8.14%

VALUATION ANALYSIS

The valuation has been determined by reconciliation between the Discounted Cash Flow (DCF) approach, Direct Comparison approach and the Capitalisation of Net Income approach.

Our assessed average rentals for the building are as follows:

Component	Avg. Passing Rent	Avg. Market Rent
Office Tower	\$352	\$395*
Carparking	\$324/bay/pdm	\$324/bay/pdm
* Gross Face		

We have adopted the following core assumptions in preparing our valuation analysis.

Average Compound Growth	
Office	3.86%
Retail & Miscellaneous:	3.36%
Outgoings:	2.36%
Capital Expenditure:	Equates to \$146/m ² over the 10 year horizon
Letting Up:	6 months @ 67% retention
Outstanding Incentives:	Assumes all incentives paid out. Net present value of incentives is currently \$971,598 at a discount rate of 7%.
Incentives:	15% - 25% over 10 year DCF horizon
Terminal Yield:	7.50%
Discount Rate:	9.25%
Equated Market Yield:	7.23%
\$Rate/m ² of NLA:	\$4,836

We have been specifically advised to assume all incentives are paid out in our assessment. If this was not the case, these incentives would need to be deducted off the value assessed.

DCF QUALIFICATIONS

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of available data. However, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

Re: 99 Melbourne Street, South Brisbane, Qld
Date: 1 June 2006

savills

LIABILITY DISCLAIMER

Savills has prepared this letter based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information.

Savills has prepared this summary for inclusion in the Prospectus and Product Disclosure Statement, Bidders Statement and Target Statement and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, these documents, other than in respect of the Valuation and this summary.

VALUERS' INTEREST

We confirm that Savills (Qld) Pty Limited and the appointed Valuer, Mr Paul Robbins, do not have any pecuniary interest that would conflict with the proper valuation of the property and the valuation being made independently of Leyshon Corporation Limited as trustee for Leyshon Property Trust No. 3.

Neither the Valuer nor Savills are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

VALUATION SUMMARY

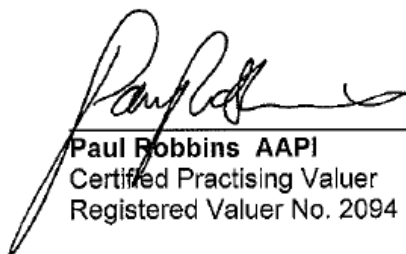
We assess the market value of the leasehold interest in the subject property, as at 1 June 2006 and subject to the details and qualifications contained within our full report, to be as follows:

\$30,000,000 (*)
(Thirty Million Dollars)

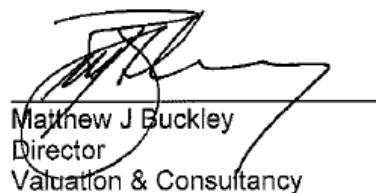
() This valuation amount is exclusive of a Goods and Services Tax.*

Prepared by: Savills (Qld) Pty Limited

Per:


Paul Robbins AAPI
Certified Practising Valuer
Registered Valuer No. 2094

Per:


Matthew J Buckley
Director
Valuation & Consultancy

(The above signatory verifies that this report is genuine, and issued by, and endorsed by Savills (Qld) Pty Limited. However the opinion expressed in this report has been arrived at by the prime signatory).

PALM BEACH

VALUATION & ADVISORY SERVICES

CB Richard Ellis (C) Pty Ltd
ABN 64 003 205 552

Level 4, 140 Bundall Road
BUNDALL QLD 4217

PO Box 8095
Gold Coast Mail Centre
BUNDALL QLD 9726

T 61 7 5574 2333
F 61 7 5574 2288

10 May 2006

Leyshon Developments No. 3 Limited
C/- Leyshon
Level 1, 295 Elizabeth Street
BRISBANE QLD 4000

Attention: The Directors

Dear Sirs

Valuation of "Palm Beach Plaza" Shopping Centre Site, 1102 & 1112 Gold Coast Highway, Palm Beach, Gold Coast, Queensland

1. Instructions

We refer to your instructions dated 3 April 2006, requesting us to undertake a valuation of the freehold interest of the abovementioned property. We have provided this abridged report on the abovementioned property for inclusion in a PDS (Product Disclosure Statement). For further information, reference should be made to the full valuation report dated 15 April 2006 held by Leyshon Developments No. 3 Limited. We confirm that the valuation was prepared in accordance with the Corporations Act.

2. Valuation Summary

We have assessed the market value of the amalgamated freehold interest of 1102 and 1112 Gold Coast Highway Palm Beach, Queensland as a single holding, as at 15 April 2006 as follows:

\$13,000,000

(Thirteen Million Dollars)

3. Brief Description

The "Palm Beach Plaza" shopping centre at 1102 Gold Coast Highway is an older style, drive-in shopping complex on the western side of the Gold Coast Highway at the southern periphery of the Palm Beach shopping strip in the southern Gold Coast area, Queensland, Australia.

The centre comprises five separate structures, one of which is of two level configuration with first floor offices, and total site area is 9,407 square metres. It has a Bi-Lo supermarket measuring 1,244 square metres and the shopping centre has a total retail area of 3,796 square metres with a further 504 square metres of first floor office accommodation.

33987-04.Letter 130506

10 May 2006

The majority of tenancies to the rear of the site are vacant, and the existing "Bi-Lo" supermarket intends to relocate into new premises to be built on the site. The majority of the tenants at the front of the site are either on monthly leases or on leases which will expire by late 2007.

The site represents a good development proposition and Leyshon intend to redevelop the site with two seven storey mixed use buildings containing six storeys of residential units, ground level commercial accommodation including the "Bi-Lo" supermarket and two levels of basement car parking. The development would occur over two stages, with the rear stage to be developed first, and the front stage to be developed on expiration of the remaining leases.

1112 Gold Coast Highway is a small vacant site of 412 square metres which adjoins the existing Palm Beach Plaza shopping centre site, and has frontage to the Gold Coast Highway.

4. Valuation Methodology

The subject properties are commercial redevelopment sites with future mixed use residential/commercial development potential.

To assess the amalgamated site value, we have adopted the direct comparison method of valuation, as well as the discounted cash flow development method of valuation.

1. The direct comparison method involves the subject property being compared to recent sales of similar properties.
2. The discounted cash flow method, involves a potential project being analysed by assessing the gross realisation, and then deducting development, selling and finance costs, and an appropriate profit/risk factor.

Sales evidence for comparable product generally ranges from approximately \$30,000 to \$60,000 per potential bedroom or approximately \$1,000 to \$3,000 per square metre of site area, depending on site density and location. Our discounted cash flow analysis of the subject and direct comparison with the sales evidence indicates a rate at approximately \$31,122 per potential bedroom (\$1,242 per square metre of site area) is realistic for the amalgamated parcel.

5. Valuation Analysis and Assumptions

This valuation is tendered on the basis of certain critical assumptions and qualifications which include:

- that the Development Approval from the Gold Coast City Council in relation to Leyshon's proposed development of the land is imminent but not yet approved and is in accordance with the plans and specifications supplied to CB Richard Ellis (C) Pty Ltd.
- the site is unencumbered freehold (except for those items detailed within the body of the valuation report)

10 May 2006

- that lease details as supplied for current occupants of the site are correct
- the units to be constructed as per the plans supplied are to a good quality standard of fitout and finish
- cost estimates being in accordance with those supplied.

Should searches or otherwise reveal discrepancies in any of the above, the valuer shall be consulted to reassess any effect on values stated herein.

The client acknowledges and recognises that the valuer is not expert in identifying environmental hazards and compliance requirements affecting properties. The valuer has endeavoured to identify all matters of environmental concern and from investigations is not aware of any significant environmental problem which may affect the subject or surrounding properties. The valuer will not be liable nor responsible for his failure to identify all such matters of environmental concern and the impact which any environmental related issue has on the property and its value including loss arising from site contamination; the non-compliance with any environmental laws; or costs associated with the clean-up of a property in which an environmental hazard has been recognised, including action by the Environmental Protection Authority to recover clean-up costs pursuant to the Environmental Protection Act.

6. Liability Disclaimer

In the case of advice provided in this letter and our report, we must emphasize that specific assumptions have been made by us which appear realistic, based on current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time, and no responsibility can be accepted by us in this event.

CB Richard Ellis (C) Pty Ltd have prepared this summary, which appears in the PDS (Product Disclosure Statement). CB Richard Ellis (C) Pty Ltd were involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the PDS other than in respect of the valuation and this summary.

8. Valuers' Experience and Interest

The valuers (Justin Sinnamon, AAPI and Garrie Love, AAPI, MRICS) have had in excess of five years continuous experience in the valuation of the property of a similar type and are authorized by law to practise as valuers in Queensland.

CB Richard Ellis (C) Pty Ltd Mortgage Valuation Services is not licenced to provide financial product advice under the Corporations Act 2001. CB Richard Ellis (C) Pty Ltd confirms it has been paid a fixed fee to prepare this summary and the related valuation but that it has not received any other interest whether pecuniary or not and whether directly or indirectly, nor does it have any association with Leyshon Developments No 3 that might reasonably be expected to influence, or be capable of influencing, the provision of this valuation.

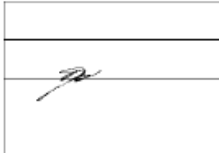
Page 3

10 May 2006

Further, we confirm that the nominated valuer does not have a pecuniary interest that could conflict with the proper valuation of the property and we advise that this position will be maintained until the purpose for which this valuation is being obtained is completed.

Yours sincerely

CB Richard Ellis (C) Pty Ltd

A rectangular box containing a handwritten signature in the middle row.

Justin W Sinnamon AAPI
Certified Practising Valuer
Registered Valuer No. 2535

A handwritten signature in cursive script.

Garrie R Love AAPI, MRICS
Certified Practising Valuer
Registered Valuer No. 1266
Senior Director

LONDON WOOLSTORE

LandMark White



DE/69170

1 June 2006

Leyshon Developments No.3 Limited
Level 1, 295 Elizabeth Street
Brisbane QLD 4000

Attention: The Directors

Dear Sirs

RE: "LONDON WOOLSTORE APARTMENTS", 36 VERNON TERRACE, NEWSTEAD, QLD 4006.

Independent
Valuation
Research
Property Advice
LandMark White Brisbane Pty Ltd
ACN 102 262 288
ABN 99 102 262 288
Level 14
307 Queen Street
Brisbane 4001
Queensland Australia
GPO Box 1046
Brisbane 4001
Telephone 07 3226 0000
Facsimile 07 3221 3037
www.lmw.net.au

1. Instructions

We refer to your instructions requesting that a formal valuation report for the unsold residential units in respect of the property above be summarised in this letter format for the purposes of inclusion in a Prospectus and Product Disclosure Statement (PDS), Bidders Statement and Target Statement to be dated no later than 3 months after the valuation and will also be relied upon by your independent expert (Ernst & Young) to determine if the offer made in the PDS is fair and reasonable. This valuation is prepared for Leyshon Developments No.3 Limited; Leyshon Corporation Limited as Trustee for Leyshon Property Trust No.3 and Leyshon Corporation Limited as Trustee for Blue Tower Trust.

2. Brief Description

The property comprises the refurbishment of the main "AML & F Woolstore" building into 89 residential units incorporating 30 one bedroom, 48 two bedroom plus study, 9 three bedroom, two penthouse style units and 9 retail tenancies fronting Vernon Terrace. The building also incorporates an atrium, single lift servicing all levels and lobby entrance. A total of 101 carparks are provided for the residential component of the development which comprises volumetric carparks located within an adjoining building known as "Wharfside".

3. Status of Project

The development is practically complete with minor finishing works on the building currently being undertaken. I have been advised by the developer that there are 35 settled sales, 17 unconditional contracts and 1 conditional contract pending, with 36 residential units within the project remaining for sale.

4. Valuation Rationale

The valuation of the subject property has been carried out based on the gross realisation of the individual un-sold residential units, assessed through comparison with similar projects in the immediate and surrounding locality.

National Offices:
Sydney
Melbourne
Brisbane
Gold Coast
Parramatta
Sunshine Coast
Wollongong



5. **Gross Realisation**

Unit No	Type	Internal Area m ²	External Area m ²	Total Area m ²	Carparks	Assessed Value	\$/m ² Gross Floor Area
17	B1	105	0	105	1	\$460,000	\$4,381
18	B1	105	10	115	1	\$470,000	\$4,087
19	B1	105	0	105	1	\$460,000	\$4,381
20	B1	105	10	115	1	\$470,000	\$4,087
22	B2	115	0	115	1	\$500,000	\$4,348
24	B2	111	0	111	1	\$500,000	\$4,505
25	B2	111	0	111	1	\$500,000	\$4,505
26	B2	111	0	111	1	\$500,000	\$4,505
28	B2	111	0	111	1	\$500,000	\$4,505
29	B2	117	0	117	1	\$500,000	\$4,274
31	B2	113	0	113	1	\$500,000	\$4,425
32	B2	113	0	113	1	\$500,000	\$4,425
33	B2	113	0	113	1	\$500,000	\$4,425
34	B2	113	0	113	1	\$525,000	\$4,646
35	B2	113	0	113	1	\$525,000	\$4,646
36	B2	113	0	113	1	\$525,000	\$4,646
49	A2	54	0	54	1	\$285,000	\$5,278
59	B3	99	5	104	1	\$450,000	\$4,327
60	B4	98	0	98	1	\$445,000	\$4,541
62	B4	98	0	98	1	\$445,000	\$4,541
63	B3	99	5	104	1	\$450,000	\$4,327
64	B4	98	0	98	1	\$445,000	\$4,541
65	B3	104	5	109	1	\$450,000	\$4,128
68	B4	100	0	100	1	\$450,000	\$4,500
69	B3	100	5	105	1	\$450,000	\$4,286
70	B4	100	0	100	1	\$450,000	\$4,500
71	B3	100	5	105	1	\$450,000	\$4,286
72	B4	100	0	100	1	\$450,000	\$4,500
73	B3	100	5	105	1	\$450,000	\$4,286
74	B4	100	0	100	1	\$450,000	\$4,500
75	B3	100	5	105	1	\$450,000	\$4,286
76	B4	100	0	100	1	\$450,000	\$4,500
77	B3	100	5	105	1	\$450,000	\$4,286
81	E1	154	17	171	2	\$675,000	\$3,947
82	E1	153	17	170	2	\$675,000	\$3,971
83	E1	153	17	170	2	\$675,000	\$3,971
85	E1	153	17	170	2	\$675,000	\$3,971
89	F	191	15	206	2	\$1,050,000	\$5,097
Totals		4,228	143	4,371	43	\$19,155,000	
Averages		111	4	115		\$501,951	



6. Valuation

Subject to the qualifications and assumptions contained within the body of this letter, I assess the market value of the fee simple interest in possession of the property, as at 1 June 2006, to be:

Gross Realisation of Un-sold Residential Units Assuming Individual Sales (Inclusive of GST)

\$19,155,000

(NINETEEN MILLION ONE HUNDRED AND FIFTY FIVE THOUSAND DOLLARS)

7. Disclaimer

LandMark White (Brisbane) Pty Ltd has prepared this summary which appears in the Offer Document. LandMark White (Brisbane) Pty Ltd was involved only in the preparation of that part of the summary and the valuation report referred to herein and specifically disclaim liability to any person in the event of any omission from, or false or misleading statement included in the Offer Document or other document, other than in respect of the valuations and this summary.

In preparing our valuation we have relied upon various financial and other information submitted by Leyshon Developments No.3 Limited. Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, LandMark White (Brisbane) Pty Ltd has no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, LandMark White (Brisbane) Pty Ltd's enquiries are necessarily limited by the nature of its role and, LandMark White (Brisbane) Pty Ltd does not warrant that its enquiries have identified or verified all of the matters which a full audit, extensive examination or "due diligence" investigation might disclose. For the purpose of our valuation assessment, we have assumed that this information is correct.

We confirm that this summary may be used in this Offer Document.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period including as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any affect on the valuation.

LandMark White (Brisbane) Pty Ltd confirmed that it does not have a pecuniary interest that could conflict with its valuation of the property.

The opinion of value expressed in this summary is that of the valuer who is the prime signatory to the summary. The countersignatory verifies that the summary and associated full report is genuine and authorised by LandMark White (Brisbane) Pty Ltd.

Yours faithfully
LandMark White (Brisbane) Pty Ltd

David England AAPI
Certified Practising Valuer
Senior Valuer
Registered Valuer No. 2631 Qld

John McEvoy AAPI
Managing State Director

AUTHORISATION

This Offer Document is issued by the Fund Managers. Each Director of each of the Fund Managers has consented to the lodgement of the Offer Document with ASIC. The Fund Managers report that after due enquiry they have not become aware of any circumstances which in their opinion will materially affect the Fund other than as disclosed in this Offer Document.

To the best of the Fund Managers' knowledge and belief, the information contained in this Offer Document is correct and there are no material omissions likely to affect the accuracy of the information.



Neil Summerson
Chairman
Leyshon Corporation Limited
Responsible Entity for Leyshon Property Trust No. 3
and Leyshon Developments No. 3 Limited
Dated 19 July 2006

Leyshon Property Fund No. 3 Entitlement and Acceptance Form

AFSL 229287

Non-renounceable Entitlement Issue of two Stapled Securities for every one Stapled Security held at 31 July 2006, at an issue price of \$1.06 per Stapled Security, payable in full on application.

To meet the requirements of the Corporations Act, this Entitlement and Acceptance Form must not be provided to a person unless attached to the Prospectus and Product Disclosure Statement.

NAME AND ADDRESS

()

A	Security Holder Reference Number	
----------	---	--

Stapled Securities held as at 31 July 2006	Your Entitlement to Stapled Securities on a two for one basis	Amount payable at \$1.06 per Stapled Security
[]	[]	\$([])

This Entitlement and Acceptance Form should not be relied on as evidence of the current entitlement of the person named in this Entitlement and Acceptance Form.

I accept the number of Stapled Securities set out below and enclose a personal or bank cheque in Australian currency in favour of "The Public Trustee of Queensland ACF Leyshon Property Trust No. 3" for the amount below.

Please complete:

B ACCEPTANCE INSTRUCTIONS (For further instruction see back of this form)		No. of Stapled Securities	Application money per Stapled Security	Amount enclosed
1.	To accept your FULL Entitlement		\$1.06	\$
2.	To accept PART of your Entitlement		\$1.06	\$
3.	To APPLY for ADDITIONAL Stapled Securities		\$1.06	\$

If **NOT** transferring Application Money electronically, please fill in the details of cheques hereunder:

C	Drawer	Bank	Branch	Amount

Please provide a contact name and daytime telephone number so that we may contact you if necessary.

Contact Name:

Telephone No: ()

Please pin your cheque(s) to this form. No signature is required on this Entitlement and Acceptance Form.

Instructions for Entitlement and Acceptance Form

You can deal with your Entitlement in any of the following ways:

1. ACCEPT YOUR ENTITLEMENT IN FULL

If you wish to accept ALL of your Entitlement:

- (a) Complete the panel overleaf labelled B (To accept your FULL entitlement) by inserting the number of Stapled Securities you are accepting and the total amount payable.
- (b) Complete the panel overleaf labelled C by inserting the details of your cheque (if applicable).
- (c) Return this Entitlement and Acceptance Form and accompanying documents – please mail this completed Entitlement and Acceptance Form together with the Application Money (if applicable) to:

DDH Graham Limited
GPO Box 330
BRISBANE QLD 4001

or deliver them to:

DDH Graham Limited
Level 18
344 Queen Street
BRISBANE QLD 4000

or fax this form to:

(07) 3210 6986 marked 'Attention Peter Lockhart'

Applications must be received by no later than 5.00 pm Brisbane time on 5 September 2006.

- (d) **Application Money** - your Application Money should be either a bank cheque (accompanying your Entitlement and Acceptance Form) or cleared funds deposited into the following account maintained for the Leyshon Property Fund No. 3 by The Public Trustee of Queensland by no later than 5.00 pm on 5 September 2006, details are as follows:

Account Name: Public Trustee of Queensland ACF Leyshon Property Trust No. 3
Bank: Bank of Queensland
BSB: 124-001
Account No: 998725597

If transferring Application Money electronically, please include an appropriate reference e.g. your security holder reference number or the investor's full name.

2. ACCEPT PART OF YOUR ENTITLEMENT

If you wish to accept PART of your Entitlement and allow the balance to lapse:

- (a) Complete the panel overleaf labelled B (To accept PART of your entitlement) by inserting the number of Stapled Securities you wish to accept and the total amount payable.
- (b) Complete the panel overleaf labelled C by inserting the details of your cheque (if applicable).
- (c) Attach your cheque, made payable to "The Public Trustee of Queensland ACF Leyshon Property Trust No. 3" (accompanying your Entitlement and Acceptance Form), and deliver or post them to DDH Graham Limited at the address stated above. Alternatively, deposit cleared funds to the account stated above. Applications must be received by no later than 5.00 pm Brisbane time on 5 September 2006.

3. APPLY FOR ADDITIONAL STAPLED SECURITIES

You may apply for Additional Stapled Securities beyond your Entitlement:

- (a) Complete the panel overleaf labelled B (to apply for ADDITIONAL Stapled Securities) to indicate the number of Additional Stapled Securities you wish to apply for.
- (b) Complete the panel overleaf labelled C by inserting the details of your cheque (if applicable).
- (c) Attach your cheque, made payable to "The Public Trustee of Queensland ACF Leyshon Property Trust No. 3" (accompanying your Entitlement and Acceptance Form), and deliver or post them to DDH Graham Limited at the address stated above. Alternatively, deposit cleared funds to the account stated above. Applications must be received by no later than 5.00 pm Brisbane time on 5 September 2006.

While there is no limitation on any Stapled Security Holder applying for Additional Stapled Securities, however, it is possible that there will be few or no Additional Stapled Securities available for issue.

Where the number of Stapled Securities allotted is less than the number of Stapled Securities applied for, the surplus Application Money will be despatched to the Applicant within seven days of the Entitlement Issue Closing Date. Any interest earned on Application Money prior to allotment or return will be paid to the Applicant.

4. NOT TAKE UP ANY OF YOUR ENTITLEMENT

If you do not wish to take up your Entitlement or any portion thereof you need not take any action. Entitlements not accepted in accordance with these instructions will lapse and you will receive no benefit.

5. OTHER INFORMATION

Return of this form with your Application Money on or before 5.00 pm Brisbane time on 5 September 2006 will constitute acceptance of the Offer in accordance with the Prospectus and Product Disclosure Statement dated 19 July 2006 and will constitute your agreement to be bound by the Constitution of Leyshon Developments No. 3 Limited and the Trust Deed of Leyshon Property Trust No. 3. It is therefore important that you take action in accordance with these instructions. You must be 18 years of age or over to submit this form.

Leyshon Property Fund No. 3 Priority and Public Application Form

AFSL 229287

To meet the requirements of the Corporations Act, this Priority and Public Application Form must not be provided to a person unless attached to the Prospectus and Product Disclosure Statement.

1. Application Amount

I/We apply for _____ Stapled Securities of \$1.06 per Stapled Security in Leyshon Property Fund No. 3.
(You may be allocated all of the Stapled Securities specified above or a lesser number)

I/We acknowledge that the total sum of \$ _____ is payable.

2. Application Name/s

Individual or Joint Accounts

Title _____ Given Name _____ Surname _____

Title _____ Given Name _____ Surname _____

Corporation, Trustee, Superannuation Fund or Other Entity

Name _____

ACN/ABN (if applicable)

3. Postal Address

Contact name _____

Address _____

Suburb/Town _____ State _____ Postcode _____ Country _____

Daytime phone number () _____ Facsimile number () _____ E-Mail _____

4. Account Details

Name of Bank/Building Society/Credit Union _____

Address _____

BSB No A/C No

Account Name _____

5. Tax File Number (TFN) - see note 5 over page for potential exemption

TFN / Exemption No:

I do not wish to quote a TFN or a TFN Exemption Number ☐ (please tick if applicable)

If you are exempt from providing a TFN, please state the reason for the exemption or your exemption number.

Reason for the exemption: _____

6. Declaration

By submitting the Priority and Public Application Form you declare that:

- you will be bound by the provisions of the Prospectus and Product Disclosure Statement dated 19 July 2006, the Constitution of Leyshon Developments No. 3 Limited and the Trust Deed of Leyshon Property Trust No. 3;
- if signed under power of attorney, the attorney declares that he or she has not received notice of revocation of that power (**copy to be attached**);
- you are not a foreign person for the purposes of the Foreign Acquisition and Takeovers Act (Cth). You will immediately give written notice to the Fund Managers if you at any time become or may become a foreign person for the purposes of this Act. You will provide such information to the Fund Managers as it may from time to time request to enable it to establish whether you are a foreign person for the purposes of this Act;
- you have read the Prospectus and Product Disclosure Statement dated 19 July 2006. You have not relied in any way on any statement made by the Fund Managers or any of their consultants, agents, employees or representatives in relation to this investment;
- you are 18 years of age or older;
- you will forward **cleared funds** or a **bank cheque** as indicated on the instructions to this Priority and Public Application Form.

When you apply to invest in Stapled Securities in Leyshon Property Fund No. 3, the Fund Managers will collect personal information about you including your name, address, phone/fax numbers, your investment instructions, your tax file number, your income payment instructions, your account details and your acknowledgment of the terms and conditions of this Application Form. Personal information may be disclosed by the Fund Managers to your nominated financial institution where you operate an account or to the Australian Taxation Office or other government authorities or agencies as required by law. Such information may also be disclosed to your accountants, financial advisers and others with your authority. You may access personal information we hold about you. If you require further information, please contact the Fund Managers at the address set out in the Corporate Directory of the Prospectus and Product Disclosure Statement.

7. Investor(s) Signature and Date

In the case of joint applications, all applicants must sign.

DATED _____ 2006

Individuals

SIGNED by the Applicant(s) _____

Name(s) (**printed**) _____

Corporation

Executed by the body corporate (refer to the Instructions overleaf for the methods) OR signed by duly authorised representatives(s) of the company (**attach** evidence of authorisation):

Director _____

Name (**printed**) _____

Director/Secretary _____

Name (**printed**) _____

Affix seal if applicable

Instructions for Priority and Public Application Form

Please read these instructions before completing the attached Public and Priority Application Form:

1. **Investment Amount** – minimum Application is \$2,120 (2,000 Stapled Securities) and then in multiples of \$100.
2. **Applicant Name(s) and date(s) of birth** – please provide the information exactly as it should appear on your investment records. Applications must be in the name of either a natural person, company or other legal entity acceptable to the Fund Managers. Applications in the name of a trust or estate, business, firm or partnership, club, association or other unincorporated body will not be accepted. However, applications made solely in the individual name of the person who is the trustee, proprietor, partner or office bearer (as applicable) of the entity will be accepted.
3. **Postal Address and contact name** – please provide the preferred address for all correspondence and a contact name and telephone number if the Applicant is not a natural person.
4. **Account details** – you must complete these details to enable prompt payment of your distributions.
5. **Tax File Number (TFN)** – you may provide your TFN or exemption. If you choose not to provide your TFN, tax may be deducted at the highest marginal rate plus the medicare levy from distributions. If you are exempt from quoting a TFN, please state the reason for the exemption or your exemption number. Collection of your TFN is authorised and its use and disclosure are strictly regulated by tax laws and the Privacy Act.
6. **Declaration** – you have read and understood the declaration.
7. **Applicant(s) Signature** – the Priority and Public Application Form must be signed. Submission of the Priority and Public Application Form constitutes an irrevocable offer, which is deemed to be accepted upon the issue of the Stapled Securities. In the case of:
 - joint applications - all Applicants must sign;
 - company applications – can be signed in any one of the following three ways:
 - (a) under common seal (i.e. affixation of the seal and the signature of either two directors or a director and secretary witnessing the affixation); or
 - (b) signature of either two directors or a director and a secretary;
(NB: if the Applicant is a proprietary company which has a sole director who is also the sole company secretary, only one signature of that person as director is required plus a statement that the person is both the sole director and secretary); or
 - (c) signed under power of attorney (in which case a certified copy of the power of attorney and notice of non-revocation must accompany the Application Form).
8. **Return Application Form and accompanying documents** – please mail the completed Priority and Public Application Form together with the Application Money to:

DDH Graham Limited
GPO Box 330
BRISBANE QLD 4001

or deliver them to:

DDH Graham Limited
Level 18
344 Queen Street
BRISBANE QLD 4000

or fax this form to:

(07) 3210 6986 marked 'Attention Peter Lockhart'

Enquiries – Christina Little (07) 3004 1250

Applications must be received by no later than 5.00 pm Brisbane time on 8 September 2006 for Priority Issue applications.

9. **Application Money** – your Application Money should be either a **bank cheque** (accompanying your Priority and Public Application Form) or **cleared funds** deposited into the following bank account maintained for the Leyshon Property Fund No. 3 by The Public Trustee of Queensland:

Account Name: Public Trustee of Queensland ACF Leyshon Property Trust No. 3
Bank: Bank of Queensland
BSB: 124-001
Account No: 998725597

If transferring Application Money electronically, please include an appropriate reference e.g. your security holder reference number or the investor's full name.

Corporate Directory

FUND MANAGERS

Leyshon Corporation Limited
ACN 090 257 480
AFSL No. 229287

and

Leyshon Developments No. 3 Limited
ACN 111 628 589

Level 1
295 Elizabeth Street
(Cnr Creek Street)
BRISBANE QLD 4000

Ph 07 3004 1250
Fax 07 3003 0122

Internet address www.leyshon.net

Postal Address

GPO Box 3119
BRISBANE QLD 4001

DIRECTORS OF LEYSHON CORPORATION LIMITED

Neil Summerson
Geoff McMahon
Michael O'Reilly
Bill Collins

DIRECTORS OF LEYSHON DEVELOPMENTS NO. 3 LIMITED

Neil Summerson
Geoff McMahon
Michael O'Reilly
Bill Collins
Bob Bryan
Scott Bryan
Ken Pickard

LAWYERS

McCullough Robertson Lawyers
Level 11
Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000

AUDITORS

Ernst & Young
Level 5
1 Eagle Street
BRISBANE QLD 4000

CUSTODIAN

The Public Trustee of Queensland
Trustee House Level 10
444 Queen Street
BRISBANE QLD 4000

SHARE APPLICATION PROCESSOR

DDH Graham Limited
AFSL 226319
Level 18
344 Queen Street
BRISBANE QLD 4000

Ph 07 3210 2277
Fax 07 3210 6986