



## Annexure 3A

### BSX Listing Rules

### Yearly Disclosure

References Version 1, Operative 23/8/2000

### Chapter 3, BSX Listing Rules

Leyshon Property Fund No. 3

Name of entity

109 093 816 (ARSN)

Half yearly (tick)

☐

ABN, ACN or ARBN

Annual (tick)

☒

1 July 2005 to 30 June 2006

Financial year ended

30 June 2006

#### Summary

			\$A,000
Sales revenue or operating revenue	Up	694%	to 25,040
Profit (loss) before abnormal items and after tax	Up	23%	to 2,100
Abnormal items before tax		gain (loss) of	-
Profit (loss) after tax but before outside equity interests	Up	23%	to 2,100
Extraordinary items after tax attributable to members		gain (loss) of	-
Profit (loss) for the period attributable to members	Up	23%	to 2,100
Capital distributions	Franking rate applicable	Nil	
Current period	Final	Refer to Annexure A (1) Refer to Annexure A (1)	
	Interim		
Previous corresponding period	Final	Refer to Annexure A (1) Refer to Annexure A (1)	
	Interim		
Record date for determining entitlements to the dividend, (in the case of a trust distribution)	30 June 2006		

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

None noted

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

**Consolidated profit and loss account**

	Current period \$A'000	Previous corresponding period \$A'000 (*)
Sales revenue or operating revenue	25,040	3,153
Expenses from ordinary activities	(22,468)	(1,220)
Borrowing costs	(1,120)	(580)
Share of net profit (loss) of associates and joint venture entities	-	-
<b>Profit (loss) from ordinary activities before tax</b>	<b>1,452</b>	<b>1,353</b>
Income tax expense/(benefit)	(648)	(351)
<b>Profit (loss) from ordinary activities after tax</b>	<b>2,100</b>	<b>1,704</b>
Outside equity interests	-	-
<b>Profit (loss) from ordinary activities after tax attributable to members</b>	<b>2,100</b>	<b>1,704</b>
Profit (loss) from extraordinary activities after tax attributable to members	-	-
<b>Profit (loss) for the period attributable to members</b>	<b>2,100</b>	<b>1,704</b>
Retained profits (accumulated losses) at the beginning of the financial period	1,704	-
Net transfers to and from reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends paid or payable	-	-
<b>Retained profits (accumulated losses) at end of financial period</b>	<b>3,804</b>	<b>1,704</b>

**Profit restated to exclude amortisation of goodwill**

	Current period \$A'000	Previous corresponding period \$A'000 (*)
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	2,100	1,704
Less (plus) outside equity interests	-	-
<b>Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members</b>	<b>2,100</b>	<b>1,704</b>

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

### Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000 (*)
Details of revenue and expenses		
<b>Revenue</b>		
Rental income	2,961	1,423
Management fee income	18,310	340
Interest	512	303
Fair value movement in derivatives	286	0
Revaluation increment on investment property	2,971	1,087
<b>Expenses</b>		
Amortisation of borrowing costs	(57)	(22)
Audit Fees	(89)	(56)
Development costs expensed	(21,272)	(773)
Electricity	(94)	(27)
Interest Paid	(1,120)	(580)
Insurance	(46)	(27)
Land tax	(38)	(27)
Management fees	(159)	(82)
Rates	(111)	(34)
Recoverable outgoings	(233)	(81)
Repairs and maintenance	(59)	(12)
Other expenses	(310)	(79)

### Intangible and extraordinary items

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

### Comparison of half year profits

(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000 (*)
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	570	46
Consolidated profit from ordinary activities after tax attributable to members for the 2nd half year	1,530	1,658

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

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

**Consolidated balance sheet**

<b>Current assets</b>	<b>At end of current period \$A'000</b>	<b>As shown in last annual report \$A'000</b>	<b>As in last half yearly statement \$A'000</b>
Cash	5,732	12,434	8,731
Receivable	723	1,493	790
Inventories	26,680	32,026	41,433
Other (provide details if material)	585	45	83
<b>Total current assets</b>	<b>33,720</b>	<b>45,998</b>	<b>51,037</b>
<b>Non-current assets</b>			
Receivables	-	-	-
Property Investments held directly	27,638	25,315	26,165
Inventories	11,648	11,599	11,599
Other (Lease fitout incentive)	1,933	1,579	2,050
Other (Interest rate swap)	286	0	10
Other (Deferred Tax Asset)	9,004	9,074	13,365
Other (provide details if material)	26	0	0
<b>Total non-current assets</b>	<b>50,535</b>	<b>47,567</b>	<b>53,189</b>
<b>Total assets</b>	<b>84,255</b>	<b>93,565</b>	<b>104,226</b>
<b>Current liabilities</b>			
Accounts payable	2,931	3,465	1,996
Borrowings	20,516	19,929	30,205
<b>Total current liabilities</b>	<b>23,447</b>	<b>23,394</b>	<b>32,201</b>
<b>Non-current liabilities</b>			
Accounts payable	1,016	1,890	1,113
Borrowings	17,558	24,629	24,983
Other (Deferred Tax Liability)	8,004	8,722	12,430
<b>Total non-current liabilities</b>	<b>26,578</b>	<b>35,241</b>	<b>38,526</b>
<b>Total liabilities</b>	<b>50,025</b>	<b>58,635</b>	<b>70,727</b>
<b>Net assets</b>	<b>34,230</b>	<b>34,930</b>	<b>33,499</b>
<b>Equity</b>			
Capital	30,426	33,226	31,814
Reserves	-	-	10
Retained profits (accumulated losses)	3,804	1,704	1,675
Equity attributable to members of the parent entity	34,230	34,930	33,499
Outside equity interests in controlled entities	-	-	-
<b>Total equity</b>	<b>34,230</b>	<b>34,930</b>	<b>33,499</b>
Preference capital and related premium	-	-	-

Date 31/08/2005

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

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	<b>Current period \$A'000</b>	<b>Previous corresponding period \$A'000 (*)</b>
Receipts from customers	2,647	1,428
Payments to suppliers and employees	(16,156)	(29,782)
Management fee received	19,297	340
Interest and other items of similar nature received	658	302
Interest and other costs of finance paid	(3,427)	(2,042)
Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>3,019</b>	<b>(29,754)</b>
<b>Cash flows related to investing activities</b>		
Payments for purchases of investment properties	-	(25,906)
Payments for purchases of property investment additions	(2)	(7)
Payment for purchases of inventories	(49)	(11,497)
Proceeds from vendor leasing incentives	-	1,907
Deposit received/(paid) on new investment property	800	(800)
Other (payment for lease fitout incentives)	(650)	-
<b>Net investing cash flows</b>	<b>99</b>	<b>(36,303)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of securities (shares, options, etc.)	0	35,000
Proceeds from borrowings	11,773	43,835
Repayment of borrowings	(20,507)	-
Proceeds from related party borrowings	2,231	780
Capital distributions paid	(2,752)	(560)
Other (provide details if material)	(565)	(564)
<b>Net financing cash flows</b>	<b>(9,820)</b>	<b>78,491</b>
<b>Net increase (decrease) in cash held</b>	<b>(6,702)</b>	<b>12,434</b>
Cash at beginning of period (see Reconciliation of cash)	12,434	-
Exchange rate adjustments	-	-
<b>Cash at end of period</b> (see Reconciliation of cash)	<b>5,732</b>	<b>12,434</b>

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

Date 31/08/2005

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## Annexure 3A Yearly Disclosure

### Non-cash financing and investing activities

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

Not applicable

### Reconciliation of cash

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

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	5,467	12,183
Deposits at call	265	251
Bank overdraft	-	-
Other (provide details)	-	-
Total cash at end of period	5,732	12,434

### Ratios

Profit before tax/sales	Current period	Previous corresponding period (*)
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	5.8%	42.9%
Profit after tax/equity interests		
Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	6.1%	4.9%

### Earnings per security (EPS)

	Current period	Previous corresponding period (*)
Calculation of basic, and fully diluted, EPS in accordance with AASB 133: Earnings per Share		
(a) Basic EPS	6.0 #	7.3
(b) Diluted EPS (if materially different from (a))	6.0 #	7.3

# For the period up to 30 June 2005, issued units are classified as equity. From 1 July 2005, as required by AASB 132 Financial Instruments: Disclosure and Presentation, issued units, where there is an obligation under the Trust Deed to repay the unit capital at the end of the Trust's life, are recognised as a liability. The Trust has elected to include the unit capital within the EPU calculation to provide more complete information.

### NTA backing

	Current period	Previous corresponding period (*)
Net tangible asset backing per ordinary security	\$0.98	\$1.00

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

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

	Current period A\$'000	Previous corresponding period \$A'000 (*)
Interest revenue included	798	303
Interest revenue included but not yet received (if material)	-	-
Interest costs excluded from borrowing costs capitalised in asset values	1,120	580
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
Depreciation (excluding amortisation of intangibles)	-	-
Other specific relevant items	-	-

### Control gained over entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired	Not applicable
Date from which such profit has been calculated	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period	Not applicable

### Loss of control of entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control	Not applicable
Date from which the profit (loss) has been calculated	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	Not applicable

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

### Reports for industry and geographical segments

#### Primary Reporting – Industry Segment

	Property Investment \$ '000	Property Development \$'000	Total \$,000
<b>Segment Assets</b>			
Segment assets	35,599	48,656	84,255
Unallocated assets	-	-	-
<b>Total assets</b>	<b>35,599</b>	<b>48,656</b>	<b>84,255</b>
<b>Operating Revenue</b>			
Segment revenue	6,060	18,980	25,040
Inter-segment sales	-	-	-
<b>Total revenue</b>	<b>6,060</b>	<b>18,980</b>	<b>25,040</b>
<b>Segment result</b>	<b>4,200</b>	<b>(2,100)</b>	<b>2,100</b>
Unallocated expenses	-	-	-
<b>Consolidated profit from ordinary activities after tax (before equity accounting)</b>	<b>4,200</b>	<b>(2,100)</b>	<b>2,100</b>

#### Secondary Reporting – Industry Segment

The combined entity operates predominately in Australia.

#### Capital Distributions

Date the capital distribution is payable

Refer to Annexure A (1)

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

Refer to Annexure A (1)

#### Amount per security

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

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.



## Annexure 3A Yearly Disclosure

### Total annual capital distributions per security *(Annual statement only)*

	Current year	Previous year (*)
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	N/a	N/a

### Total capital distributions

	Current period \$A'000	Previous corresponding period - \$A'000 (*)
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	N/a	N/a
<b>Total</b>	Refer to Annexure A (1)	Refer to Annexure A (1)

### Annual report – capital distributions on all securities

	Current period \$A'000	Previous corresponding period - \$A'000 (*)
Ordinary securities	Refer to Annexure A (1)	Refer to Annexure A (1)
Preference securities	N/a	N/a
<b>Total</b>	Refer to Annexure A (1)	Refer to Annexure A (1)

The dividend or distribution plans shown below are in operation.

A final distribution was declared for the year ended 30 June 2005 of 2.00 cents per stapled security in respect of the quarter ended 30 June 2005 and was paid on 29 July 2005.

Distributions to security holders during the year were paid quarterly including a distribution of 2.00 cents per stapled security paid on 27 October 2005 in respect of the quarter ended 30 September 2005, a distribution of 2.00 cents per stapled security paid on 31 January 2006 in respect of the quarter ended 31 December 2005 and a distribution of 2.00 cents per stapled security paid on 28 April 2006 in respect of the quarter ended 31 March 2006.

A final distribution was declared for the year ended 30 June 2006 of 2.00 cents per stapled security in respect of the quarter ended 30 June 2006 and was paid on 31 July 2006.

All distributions for the year were paid from LPT3.

No dividends were paid or proposed during the year.

The last date(s) for receipt of election notices to the dividend or distribution plans	30 June 2006
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### Any other disclosures in relation to dividends (distributions)

None noted

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

### Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

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

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

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

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

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

### Issued and listed securities

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

Category of securities	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
<b>Preference securities</b> (description)	-	-	-	-
Changes during current period	-	-	-	-
<b>Ordinary securities</b>	35,000,000	35,000,000	\$1.00	\$1.00
Changes during current period	-	-	-	-
<b>Convertible debt securities</b> (description and conversion factor)	-	-	-	-
Changes during current period	-	-	-	-
			Exercise price	Expiry date
<b>Options</b> (description and conversion factor)	-	-	-	-
Changes during current period	-	-	-	-
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-
<b>Debentures</b>	-	-		
<b>Unsecured Notes</b>	-	-		

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

**Discontinuing Operations**

**Consolidated profit and loss account**

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

**Consolidated statement of cash flows**

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

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

## Annexure 3A Yearly Disclosure

### Other disclosures

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

### Description of disposals

Not applicable

(\*) Comparative figures are for commencement of business (21 December 2004) to 30 June 2005.

**Comments by directors**

**Basis of accounts preparation**

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

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

Nil

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

**Extraordinary General Meeting**

On 19 July 2006, a Notice of Extraordinary General Meeting ('EGM') and Explanatory Memorandum was despatched to the security holders of the Fund. The EGM was held on 4 September 2006 with all resolutions being approved. The purpose of the EGM was to introduce and approve a number of resolutions relating to significant transactions and milestone events for the Fund. The resolutions related to the following:

**Capital Raising**

The Fund has issued a Prospectus and Product Disclosure Statement dated 19 July 2006 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.

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 LPT3 and \$0.01 to LDL3. This allocation reflects the Fund Managers' focus on building a quality portfolio that will produce long term capital growth and stable rental income streams.

**Blue Tower Trust Takeover Bid**

On 19 July 2006, the Fund 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.

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.

**Modification to the Trust Deed and Constitution**

The Trust Deed of LPT3 and the Constitution of LDL3 requires modification to document and record the capital raising and the takeover as detailed above.

**Name Change for the Fund**

It is proposed to change the name of the Fund to 'Australian Property Growth Fund' with a corresponding name change to LPT3 and LDL3. These name changes reflect the vision in which the Fund Managers are seeking to position and grow the Fund.

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

## Annexure 3A Yearly Disclosure

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

Nil

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

Refer to Annexure A (2)

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

No change in contingent liabilities or assets

### Additional disclosure for trusts

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

Responsible Entity and Management Company  
Leyshon Corporation Limited – Nil

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

Identify:

- Initial service charges
- Management fees
- Other fees

Nil  
Property Management                      \$ 24,000  
Asset Management                      \$124,792  
Development Management              \$ 2,333,334  
Nil

### Annual meeting

*(Annual statement only)*

The annual meeting will be held as follows:

Place

Not applicable

Date

Not applicable

Time

Not applicable

Approximate date the annual report will be available

30 September 2006

**Compliance statement**

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

Sign here:

  
(~~Director~~/Company secretary)

Date: .... 13 September 2006.....

Print name: CHRISTINA LITTLE.....



**Notes**

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

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

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

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (1)**

**For the Year Ended 30 June 2006**

**30 June 2006**

<b><u>Capital</u></b> <b><u>Distribution Paid</u></b>	<b><u>Amount</u></b> <b><u>Paid</u></b>	<b><u>Rate</u></b> <b><u>Per Annum</u></b>
<i>Period</i>		
September 2005	\$ 705,753.42	8%
December 2005	\$ 705,753.42	8%
March 2006	\$ 690,410.96	8%
June 2006	<u>\$ 698,082.20</u>	8%
	\$2,800,000.00	

**30 June 2005**

<b><u>Capital</u></b> <b><u>Distribution Paid</u></b>	<b><u>Amount</u></b> <b><u>Paid</u></b>	<b><u>Rate</u></b> <b><u>Per Annum</u></b>
<i>Period</i>		
21 December 2004 to		
31 December 2004	\$ 60,990.03	8%
March 2005	\$ 499,009.32	8%
June 2005	<u>\$ 650,351.78</u>	8%
	\$1,210,351.13	

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**  
**ANNEXURE A (2)**

**For the Year Ended 30 June 2006**

**TRANSITION TO AIFRS**

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

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

This note explains the principal adjustments made by the Fund in restating its previously published AGAAP financial statements for the year ended 30 June 2005. There were no adjustments made by the Fund in restating its AGAAP balance sheet at 1 July 2004 as the fund was not operating at that time.

AIFRS require that one of the entities in a stapled structure be treated as the parent. For the half year financial report to 31 December 2005, Leyshon Developments No 3 Limited ('LDL3') was accounted for as the parent entity. The directors have reconsidered and determined given the size and significance of Leyshon Property Trust No 3 ('LPT3') to the LPF3 stapled fund, it is deemed more appropriate to consider LPT3 as the acquirer entity upon entering the stapled arrangement on 21 December 2004. This change, which has no financial impact on the consolidated entity (and therefore no impact on the net assets of the stapled entity), has been applied under AIFRS as having been in effect from the date of the stapling of the LPT3 units and LDL3 shares.

*Exemptions applied*

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

The Fund has taken the following exemptions:

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

*Explanation of material adjustments to the cash flow statement*

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

INCOME STATEMENT	Note	CONSOLIDATED				PARENT	
		AGAAP	AIFRS	AIFRS	AGAAP	AIFRS	AIFRS
FOR THE YEAR ENDED		\$	Impact	\$	\$	Impact	\$
30 JUNE 2005			\$			\$	
Net profit after tax	a,b, c,d	864,673	839,445	1,704,118	506,999	1,135,557	1,642,556
<b>Net profit for the year</b>		<b>864,673</b>	<b>839,445</b>	<b>1,704,118</b>	<b>506,999</b>	<b>1,135,557</b>	<b>1,642,556</b>

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**  
**ANNEXURE A (2)**

**For the Period Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

		CONSOLIDATED			PARENT		
		AGAAP \$	AIFRS Impact \$	AIFRS \$	AGAAP \$	AIFRS Impact \$	AIFRS \$
<b>Balance Sheet reflecting reconciliation of adjustments to AIFRS as at 30 June 2005*</b>							
<b>Current Assets</b>							
Cash and cash equivalents		12,434,339	0	12,434,339	8,498,197	0	8,498,197
Trade and other receivables	c	1,338,658	154,621	1,493,279	882,703	154,621	1,037,324
Inventory	g	32,025,937	0	32,025,937	0	0	0
Other		44,856	0	44,856	42,756	0	42,756
<b>Total Current Assets</b>		45,843,790	154,621	45,998,411	9,423,656	154,621	9,578,277
<b>Non-Current Assets</b>							
Property investments held directly	d	27,000,000	(1,684,508)	25,315,492	27,000,000	(1,684,508)	25,315,492
Lease fitout incentive	d	0	1,578,518	1,578,518	0	1,578,518	1,578,518
Inventory	g	12,372,455	(773,122)	11,599,333	0	0	0
Deferred tax asset	f	9,512,207	(439,121)	9,073,086	0	0	0
Other	b,e	174,323	(174,323)	0	112,217	(112,217)	0
<b>Total Non-Current Assets</b>		49,058,985	(1,492,556)	47,566,429	27,112,217	(218,207)	26,894,010
<b>TOTAL ASSETS</b>		94,902,775	(1,337,935)	93,564,840	36,535,873	(63,586)	36,472,287
<b>Current Liabilities</b>							
Trade and other payables		3,464,804	0	3,464,804	975,401	0	975,401
Interest bearing loans and borrowings	e	19,989,658	(61,005)	19,928,653	0	0	0
<b>Total Current Liabilities</b>		23,454,462	(61,005)	23,393,457	975,401	0	975,401
<b>Non-Current Liabilities</b>							
Payables		1,890,119	0	1,890,119	1,890,119	0	1,890,119
Interest bearing loans and borrowings	e	23,845,520	(112,218)	23,733,302	16,068,519	(112,217)	15,956,302
Deferred tax liability	f	9,639,345	(917,231)	8,722,114	0	0	0
Other		895,711	0	895,711	0	0	0
<b>Total Non-Current Liabilities</b>		36,270,695	(1,029,449)	35,241,246	17,958,638	(112,217)	17,846,421
<b>TOTAL LIABILITIES</b>		59,725,157	(1,090,454)	58,634,703	18,934,039	(112,217)	18,821,822
<b>NET ASSETS</b>		35,177,618	(247,481)	34,930,137	17,601,834	48,631	17,650,465

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**

**ANNEXURE A (2)**

**For the Period Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

		CONSOLIDATED			PARENT		
		AGAAP \$	AIFRS Impact \$	AIFRS \$	AGAAP \$	AIFRS Impact \$	AIFRS \$
<b>Balance Sheet reflecting reconciliation of adjustments to AIFRS as at 30 June 2005 (Cont)*</b>							
<b>MEMBERS' INTERESTS</b>							
<b>Attributable to unit holders of LPT3</b>							
Units on issue		16,007,909	0	16,007,909	16,007,909	0	16,007,909
Asset revaluation reserve	a	1,086,926	(1,086,926)	0	1,086,926	(1,086,926)	0
Undistributed earnings		506,999	1,135,557	1,642,556	506,999	1,135,557	1,642,556
<i>Breakdown of impact on undistributed earnings</i>							
Revaluation of investment property	a		1,086,926			1,086,926	
Straight-line rent adjustment	c		154,621			154,621	
Lease fitout incentive amortisation	d		(105,990)			(105,990)	
<b>Attributable to members of LDL3</b>							
Contributed equity		17,218,110	0	17,218,110	0	0	0
Retained earnings		357,674	(296,112)	61,562	0	0	0
<i>Breakdown of impact on retained earnings</i>							
Write-off formation costs	b		(1,100)			0	
Income tax adjustment	f		478,110			0	
Development cost write off	g		(773,122)			0	
<b>TOTAL MEMBERS INTERESTS</b>		<b>35,177,618</b>	<b>(247,481)</b>	<b>34,930,137</b>	<b>17,601,834</b>	<b>48,631</b>	<b>17,650,465</b>

\* For illustrative purposes a reconciliation of the entire balance sheet has been presented.

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**  
**ANNEXURE A (2)**

**For the Period Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

*Impact of adopting AIFRS*

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

Reference	Item	AGAAP	AIFRS	Impact
<i>a</i>	Investment property	Fair value movements in investment properties were recognised in the asset revaluation reserve to the extent that there were revaluation increments/decrements to offset against.	Under AASB 140 <i>Investment Property</i> fair value movements in Investment Properties are recognised in the income statement.  An adjustment was required at transition to transfer these fair value movements from the asset revaluation reserve to retained earnings.	<i>Equity at 30 June 2005:</i> Decrease in Reserves and increase in retained earnings of \$1,086,926  <i>Profit for 30 June 2005:</i> Increase to profit of \$1,086,926
<i>b</i>	Formation costs	Formation costs were capitalised and amortised over 5 years.	Under AASB 138 <i>Intangible Assets</i> , formation costs are to be expensed as incurred.	<i>Profit for 30 June 2005:</i> Decrease to profit of \$1,100
<i>c</i>	Rental revenue	Revenues from rents and recoverable outgoings were recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.	Under AASB 117 Rental income arising on investment properties is accounted for on a straight-line basis for “fixed increase leases” over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.	<i>Profit for 30 June 2005:</i> Increase to profit of \$154,621

**LEYSHON PROPERTY FUND NO.3**  
**BSX LISTING RULES – ANNEXURE 3A**  
**ANNEXURE A (2)**

**For the Period Ended 30 June 2006**

**TRANSITION TO AIFRS (continued)**

*Impact of adopting AIFRS (continued)*

Reference	Item	AGAAP	AIFRS	Impact
<i>d</i>	Lease fitout incentives	Lease incentives were included within the investment property and not amortised.	Lease incentives (re: fitout) will be separated out from property investments and will be amortised over the period of the lease.	<i>Profit for 30 June 2005:</i> Decrease to profit of \$105,990
<i>e</i>	Borrowing costs	Borrowing costs were capitalised, disclosed under non-current assets, and amortised over 5 years.	Under AASB 132, borrowing costs are capitalised, disclosed net against the relating interest bearing loan, and amortised over 5 years.	<i>Equity at 30 June 2005:</i> No impact  <i>Profit for 30 June 2005:</i> No impact
<i>f</i>	Income tax - change of Income Tax standard and effect of g below	Deferred tax balances were required to be recognised according to the income statement method.	Under AASB 112, Deferred tax balances are required to be recognised according to the balance sheet liability method.	<i>Profit for 30 June 2005:</i> Increase to profit of \$478,110
<i>g</i>	Development costs	Pre-development costs were capitalised to a project.	Under AASB 138, pre development costs are to be expensed until such time as the Fund commits to the development project.	<i>Profit for 30 June 2005:</i> Decrease to profit of \$773,122 before tax