

Letter from the Managing Director

8 November 2004



Dear Investor

On behalf of Leyshon Corporation Limited and Leyshon Developments No. 3 Limited ('Fund Managers') I invite you to become an investor in Leyshon Property Fund No. 3 ('Fund').

The Fund is seeking to raise \$30 million in equity to invest in and develop a portfolio of quality property projects including:

- 99 Melbourne Street, South Brisbane, a newly constructed commercial office building comprising net lettable area of 6,145 m²;
- London Woolstore at Vernon Terrace, Teneriffe, Brisbane involving the conversion and refurbishment of three former woolstore buildings into 89 residential apartments, car parking, nine retail shops and commercial office space; and
- Future Projects which satisfy the Fund Managers' project selection criteria.

The Fund will comprise Leyshon Property Trust No. 3 and Leyshon Developments No. 3. Units in the Trust will be stapled to the Shares in the Company and will be treated as one security. The Trust will raise equity of \$15 million to invest in Melbourne Street and Future Projects. The Company will raise equity of \$15 million to develop the London Woolstore Project and Future Projects.

The Fund's Stapled Security structure will allow Equity Investors to derive income from passive property ownership (Melbourne Street and Future Projects) supplemented by profits from active property development (London Woolstore and Future Projects).

Distributions are forecast to be paid quarterly at 8% per annum on the Total Funds Raised. In the early years of the Fund the distributions are forecast to be 100% tax deferred. In addition to the quarterly 8% distributions, Equity Investors may receive Interim Distributions. These are expected to be paid to Equity Investors in the form of a franked dividend from the Company.

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

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.

To align the interests of the Fund Managers and Equity Investors, Leyshon Operations Pty Ltd and Leyshon Corporation Limited will invest a minimum of \$5 million in the Fund.

The Fund is seeking to list on the Bendigo Stock Exchange.

This Offer Document contains important information about the Fund and should be read in its entirety. Please consult your professional advisers before making an investment decision.

On behalf of the directors of Leyshon Corporation Limited and Leyshon Developments No. 3 Limited I commend this offer to you.

Yours faithfully

Geoff McMahon
Managing Director

Leyshon Corporation Limited and
Leyshon Developments No. 3 Limited

Table of Contents

LETTER FROM THE MANAGING DIRECTOR	1
TABLE OF CONTENTS	2
OFFER AT A GLANCE	3
GLOSSARY OF TERMS	5
SECTION 1 INVESTMENT OVERVIEW	8
SECTION 2 DETAILS OF THE OFFER	11
SECTION 3 LEYSHON PROPERTY FUND NO. 3	16
SECTION 4 THE PARTIES	18
SECTION 5 THE PROJECTS	26
SECTION 6 VALUATION REPORTS	32
SECTION 7 RISK FACTORS	39
SECTION 8 FINANCIAL INFORMATION	43
SECTION 9 FEES AND CHARGES	53
SECTION 10 MATERIAL AGREEMENTS	56
SECTION 11 ADDITIONAL INFORMATION	71
APPLICATION FORM	
CORPORATE DIRECTORY	

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 8 November 2004 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 or transferred 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.

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 'Huntington Group Pty 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. Huntington Group Pty Limited will arrange for the issuing of Shares pursuant to this Offer Document. The function performed by Huntington Group Pty Limited should not be considered as an endorsement of the Offer nor a recommendation of the suitability of the Offer for any investor. Huntington Group Pty 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 Fund 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.

The Corporations Act prohibits the Fund Managers from processing Application Forms in the seven day period after the date of lodgement of this Offer Document with ASIC. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable the Offer Document to be examined by market participants prior to the raising of funds. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Application Forms received during the exposure period.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Offer at a glance

QUESTION

Who are the issuers of this Offer Document?

What is offered?

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?

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

What is the size of the Offer?

Date offer opens

*Date offer closes**

ANSWER

The Fund Managers - Leyshon Corporation Limited and Leyshon Developments No. 3 Limited.

Stapled Securities in Leyshon Property Fund No. 3.

Leyshon Property Fund No. 3 constitutes together the:

- 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 purchasing the Melbourne Street Project and Future Projects.

Leyshon Developments No. 3 is a public company incorporated for the purpose of developing the London Woolstore Project and Future Projects.

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 8% per annum on the amount invested, supplemented with Interim Distributions from development projects; and
- listing on BSX.

Stapled Securities at \$1.00 each fully paid to raise a total of \$30 million.

8 November 2004.

15 December 2004.

How do I apply?

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

Posted to:	OR	Delivered to:
Huntington Group Pty Limited PO Box 7009 Riverside BRISBANE QLD 4001		Level 38 Riverside Centre 123 Eagle Street BRISBANE QLD 4000
Fax: 07 3303 2550		Fax: 07 3303 2550

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 Fund No. 3
Bank: St George Bank
BSB: 334-040
Account No: 552298298

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 not materially adverse will be provided to Equity 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 1200 or contact your financial adviser, accountant, stockbroker, lawyer or other professional adviser.

* The Fund Managers may close the Offer early, or extend the Offer period, without prior notice to Applicants.

Glossary of Terms

<i>ACF</i>	as custodian for
<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>Australian Financial Services Licensee</i>	holder of an AFSL
<i>Applicant</i>	a person or entity who submits an Application Form
<i>Application Form</i>	an application form attached to this Offer Document
<i>Application Money</i>	the money received by the Fund Managers pursuant to the Offer, being the Offer Price multiplied by the number of Stapled Securities applied for by an Applicant
<i>Approved Stock Exchange</i>	any prescribed financial market and relevant market operator as prescribed by the Corporations Act and determined appropriate by the directors of the Responsible Entity and the Company
<i>ASIC</i>	Australian Securities and Investments Commission
<i>Asset Manager</i>	Leyshon Corporation Limited
<i>Boards</i>	the boards of directors of the Fund Managers
<i>BSX</i>	Bendigo Stock Exchange Limited ACN 087 708 898 or an Approved Stock Exchange
<i>Cost Base</i>	the amount recorded in the Trust's statement of financial position 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>Closing Date</i>	the date on which the Offer closes, being 15 December 2004. This date may be varied by the Fund Managers without prior notice
<i>Company</i>	means Leyshon Developments No. 3 Limited ACN 111 628 589
<i>Constitution</i>	the constitution of Leyshon Developments No. 3
<i>Corporations Act</i>	the Corporations Act 2001 including the Corporations Regulations 2001
<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. Refer to Section 10.5
<i>Development Agreement</i>	the development agreement between Leyshon Developments No. 3 and Leyshon Properties Pty Ltd as trustee of London Woolstore Trust dated 8 November 2004 including any variations to the agreement that may be made from time to time. Refer to Section 10.7
<i>Development Management Fee</i>	the development management fee set out in Section 9.3

<i>Directors</i>	the directors of Leyshon Developments No. 3
<i>Equity Investors</i>	investors in the Fund, being holders of Stapled Securities
<i>Future Projects</i>	future projects of the Fund other than Melbourne Street Project and London Woolstore Project. Refer to Sections 5.10 to 5.12
<i>Fund</i>	Leyshon Property Trust No. 3 and Leyshon Developments No. 3
<i>Fund Managers</i>	Leyshon Corporation Limited and Leyshon Developments No. 3, the issuers of this Offer Document
<i>Huntington Group</i>	Huntington Group Pty Limited ACN 010 693 651, holder of AFSL No. 247342
<i>Interim Distributions</i>	distributions to Equity 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 Raised, 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>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 Pty Ltd</i>	Leyshon Developments Pty Ltd ACN 050 399 276
<i>Leyshon Developments No. 3</i>	Leyshon Developments No. 3 Limited ACN 111 628 589
<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 or other Approved Stock Exchange
<i>London Woolstore</i>	the land and improvements located at Vernon Terrace, Teneriffe described as Lot 2 on SP 161319 and Lot 100 on SP 160185
<i>London Woolstore Project</i>	the residential, retail and commercial property development project at Vernon Terrace, Teneriffe, to be developed in accordance with the Development Agreement
<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, described as Lot 8 on SP 172780

<i>Melbourne Street Project</i>	the commercial office building at 99 Melbourne Street, South Brisbane
<i>Minimum Application</i>	\$2,000 per Equity Investor
<i>Offer</i>	the offer of Stapled Securities under this Offer Document
<i>Offer Document</i>	this Prospectus and Product Disclosure Statement
<i>Offer Price</i>	\$1.00 per Stapled Security
<i>Performance Fee</i>	the performance fee set out in Section 9.3
<i>Projects</i>	the projects of the Fund including the Melbourne Street Project, London Woolstore Project and Future Projects
<i>Quotation Date</i>	the first date Stapled Securities are granted quotation on BSX
<i>Responsible Entity</i>	Leyshon Corporation Limited
<i>Returns</i>	means all payments to the Equity 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 the capital of Leyshon Developments No. 3
<i>Shareholders</i>	holders of Shares in Leyshon Developments No. 3
<i>Stapled Security</i>	one Share and one Unit which are stapled together and will trade together on BSX as one security
<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>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 development excluding the Development Management Fee
<i>Total Funds Raised</i>	the amount of funds raised under this Offer Document, anticipated to be \$30 million. Refer to Section 2.10 regarding minimum and maximum Total Funds Raised
<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>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 Equity Investors pursuant to this Offer Document



Melbourne Street Project - South Brisbane



London Woolstore Project - Teneriffe, Brisbane

Section 1 Investment Overview

KEY OFFER HIGHLIGHTS

The Offer Price per Stapled Security is \$1.00

The following table is on the basis of raising the maximum subscription of \$30 million under the Offer.

Fully paid Stapled Securities offered under this Offer Document	30 million
Total number of Shares on issue following the Offer	30 million
Total number of Units on issue following the Offer	30 million
Amount to be raised under the Offer*	\$30 million
Market capitalisation at the Offer Price*	\$30 million

* The minimum subscription under the Offer is \$25 million. The Fund Managers are seeking to raise \$30 million under the Offer, however they will accept subscriptions up to \$5 million which would make Total Funds Raised \$35 million. Stapled Securities (Units and Shares) on issue will vary accordingly.

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

Important dates*

	Date
Offer opens	8 November 2004
Offer closes	15 December 2004
Anticipated allotment date	20 December 2004
Anticipated commencement of trading on BSX	23 December 2004

* 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 'Huntington Group Pty Limited - Leyshon Property Fund No. 3' 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 'Offer at a Glance - How do I apply'.

1.1 Executive summary

The Fund is seeking to raise \$30 million in equity to invest in and develop a portfolio of quality property projects including:

- Melbourne Street, South Brisbane, a newly constructed commercial office building comprising net lettable area of 6,145 m²;
- London Woolstore at Vernon Terrace, Teneriffe, Brisbane involving the conversion and refurbishment of three former woolstore buildings into 89 residential apartments, car parking, nine retail shops and commercial office space; and
- Future Projects which satisfy the Fund Managers' project selection criteria. Refer to Sections 5.10 to 5.12.

The Fund will comprise Leyshon Property Trust No. 3 and Leyshon Developments No. 3. Units in the Trust will be stapled to the Shares in the Company and will be treated as one security. The Trust will raise equity of \$15 million to invest in Melbourne Street and Future Projects.

The Company will raise equity of \$15 million to develop the London Woolstore Project and Future Projects.

The Fund's Stapled Security structure will allow Equity Investors to derive income from passive property ownership (Melbourne Street and Future Projects) supplemented by profits from active property development (London Woolstore and Future Projects).

Distributions are forecast to be paid quarterly at 8% per annum on the Total Funds Raised. In the early years of the Fund the distributions are forecast to be 100% tax deferred. In addition to the quarterly 8% distributions, Equity Investors may receive Interim Distributions. These are expected to be paid to Equity Investors in the form of a franked dividend from the Company.

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

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.

To align the interests of the Fund Managers and Equity Investors, Leyshon Operations Pty Ltd and Leyshon Corporation Limited will invest a minimum of \$5 million in the Fund.

The Fund is seeking to list on the Bendigo Stock Exchange.

1.2 Purpose of the Offer and utilisation of funds

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

Estimated use of proceeds	\$
Melbourne Street Project	10,500,000
London Woolstore Project	10,800,000
Cash	8,200,000
Expenses of the Offer	500,000
TOTAL FUNDS RAISED	30,000,000

1.3 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 8 of this Offer Document and the risk factors in Section 7 that could affect the future performance of the Fund.

1.4 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 \$30 million through the offer of 30,000,000 fully paid Stapled Securities at \$1.00 each.

Applications must be for a minimum of 2,000 Stapled Securities.

The Offer opens on 8 November 2004 and closes on 15 December 2004. The Fund Managers reserve the right to vary the Closing Date without notice.

2.2 How to apply for Stapled Securities in the Offer

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

Application Forms are attached to this Offer Document.

Application Forms should be completed in accordance with the Instructions for Application Form and:

Posted to:	OR	Delivered to:
Huntington Group Pty Limited PO Box 7009 Riverside BRISBANE QLD 4001		Level 38 Riverside Centre 123 Eagle Street BRISBANE QLD 4000
Fax: 07 3303 2550		Fax: 07 3303 2550

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:	Public Trustee of Queensland ACF Leyshon Property Fund No. 3
Bank:	St George Bank
BSB:	334-040
Account No:	552298298

An Application Form may only be distributed if it is attached to a complete and unaltered copy of this Offer Document. 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 Huntington Group 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 Application 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 1200 during business hours or to your financial adviser, accountant, stockbroker, lawyer or other professional adviser.

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 one redeemable preference share on issue, which will be redeemed upon issuing Shares pursuant to this Offer Document. Leyshon Property Trust No. 3 currently has no Units on issue.

On completion of the Offer it is anticipated that the Fund will comprise 30,000,000 Stapled Securities, at an issue price of \$1.00 per Stapled Security fully paid and total issued capital will be \$30,000,000.

2.5 Use of proceeds

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

Trust – Melbourne Street Project

The acquisition of 99 Melbourne Street, South Brisbane, a newly constructed commercial office building. The Melbourne Street Project is anticipated to be completed in December 2004.

Company – London Woolstore Project

The development of three former woolstore buildings into 89 residential apartments, car parking, nine retail shops and commercial office space. The London Woolstore Project is anticipated to be completed in December 2005.

Trust and Company – Future Projects

The sourcing of further projects in accordance with the project selection criteria set out in Section 5.12.

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

Estimated use of proceeds	\$
Melbourne Street Project	10,500,000
London Woolstore Project	10,800,000
Cash	8,200,000
Expenses of the Offer	<u>500,000</u>
TOTAL FUNDS RAISED	<u>30,000,000</u>

2.6 Rights attaching to Stapled Securities

All Stapled Securities are being offered at the same price of \$1.00 each and will rank equally 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 10.2 and a summary of the major provisions of the Constitution is set out in Section 10.3.

2.7 Term of the Fund

The Fund is not for a fixed or pre-determined term. The Fund Managers will monitor the long term investment strategy of the Projects with a view to maximising returns for Equity Investors in the Fund. This will involve the development and sale of the London Woolstore 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 Equity Investors, no later than every five years from the date of the first allotment of the Stapled Securities in the Fund, to give Equity Investors the opportunity to vote on a special resolution to terminate the Fund. A special resolution requires 75% of votes of Equity Investors present and voting to be cast in favour of a resolution.

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 Equity 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 adversely affect the Fund.

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 any other matters considered relevant.

2.8 Returns

Distributions are expected to be payable to holders of Stapled Securities quarterly in arrears from the date of allotment of Stapled Securities. Whilst the actual level of quarterly returns paid is at the discretion of the Boards and is not guaranteed, it is the current intention that the Fund will pay distributions equivalent to 8% per annum on the Total Funds Raised.

The Fund Managers may from time to time at their discretion, pay to the Equity Investors Interim Distributions in addition to quarterly distributions. In determining the timing and amount of these Interim Distributions the Fund Managers will take into account factors such as the Fund's profitability and cash reserves and any other matters it considers appropriate.

2.9 Allotment

Allotment of Stapled Securities will be made as soon as possible after the Closing Date. The Fund Managers reserve the right to allocate the 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 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.

2.10 Minimum and maximum capital raising

The minimum subscription under the Offer will be \$25 million. The Fund Managers are seeking to raise \$30 million under the Offer, however they will accept over subscriptions up to \$5 million which would make the Total Funds Raised \$35 million. Applications for Stapled Securities will be processed progressively, and allotments of Stapled Securities made progressively, throughout the term of the Offer.

2.11 Brokerage, fees and stamp duty

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

2.12 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 without delay.

2.13 BSX listing

Within seven days after the date of issue of this Offer Document, the Fund will apply for admission to the official list of BSX and for the quotation of its Stapled Securities on BSX.

Trading of Stapled Securities on BSX is expected to commence on 23 December 2004.

The fact that BSX may admit 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.

If the Fund has not been admitted to the official list of BSX or another Approved Stock Exchange within three months after the date of this Offer Document, all Application Money will be refunded to Applicants with any interest earned.

2.14 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.

2.15 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.

2.16 Enquiries

Further information about the Offer can be obtained by contacting the Fund Managers on 07 3004 1200.

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

2.17 Complaints

The Trust Deed establishes a procedure to deal with and resolve complaints by Unitholders in relation to management or administration of the 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 the 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.

2.18 Expiry date

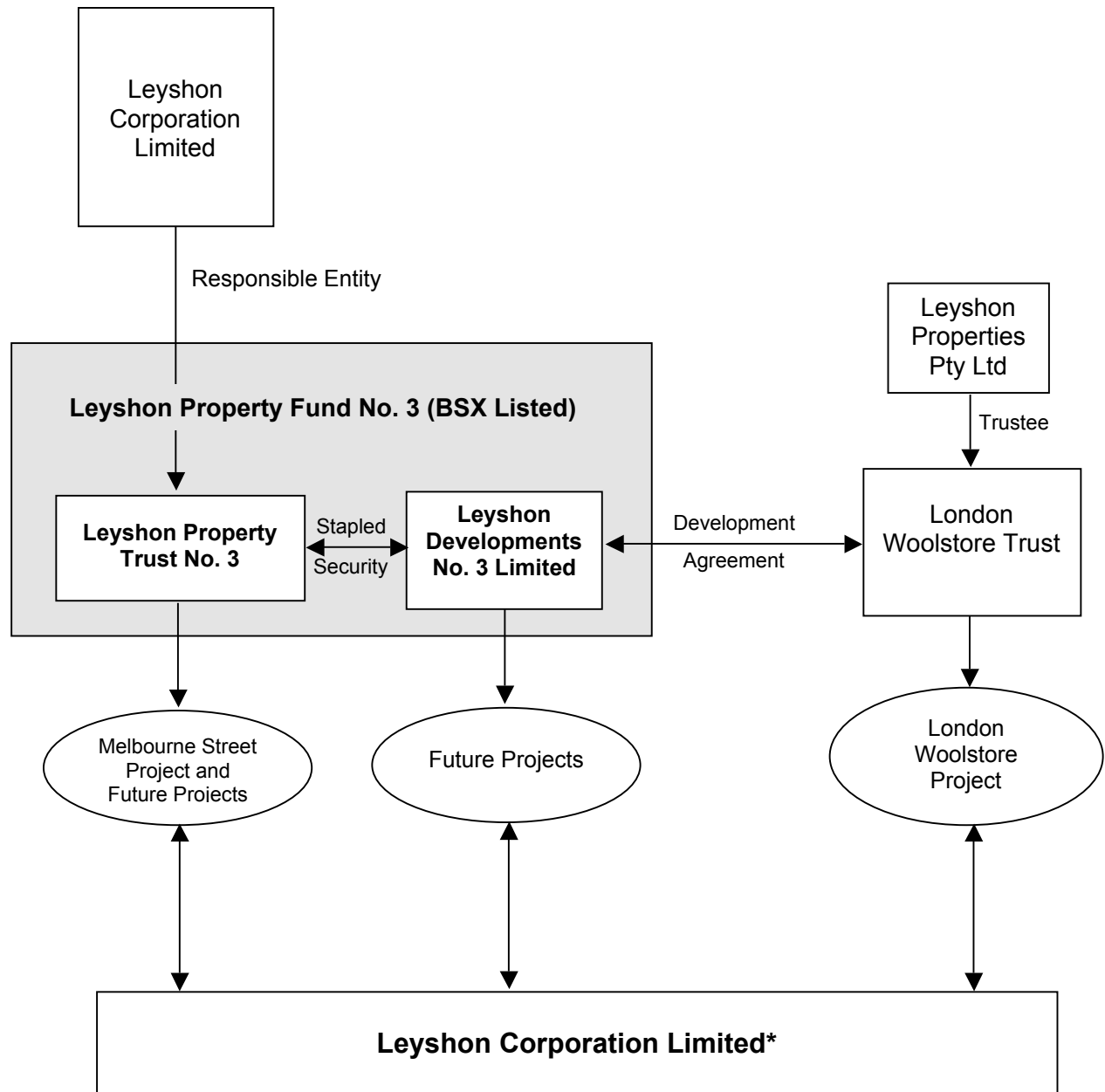
The expiry date of this Offer Document is the date that is 13 months after the date of this Offer Document. No Stapled Securities will be offered on the basis of this Offer Document after that date.

Section 3 Leyshon Property Fund No. 3

3.1 The Fund structure

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.



* Leyshon Corporation Limited manages each of the Projects

3.2 Leyshon Property Trust No. 3

Leyshon Property Trust No. 3 has been established to acquire the property located at 99 Melbourne Street, South Brisbane and Future Projects. No Units have been issued in the Trust at the date of this Offer Document. Leyshon Corporation Limited is the Responsible Entity and manager of the Trust and will manage the Melbourne Street Project and Future Projects. Refer to Section 10.4.

3.3 Leyshon Developments No. 3 Limited

Leyshon Developments No. 3 has been established to develop the London Woolstore Project and Future Projects. Leyshon Developments No. 3 currently has one redeemable preference share on issue, which will be redeemed upon issuing Shares pursuant to this Offer Document. Leyshon Corporation Limited will manage the London Woolstore Project and Future Projects. Refer to Section 10.4.

3.4 London Woolstore Trust

Leyshon Properties Pty Ltd as trustee for the London Woolstore Trust owns London Woolstore. Leyshon Developments No. 3 and Leyshon Properties Pty Ltd have entered into the Development Agreement with respect to the London Woolstore Project. Refer to Section 10.7.

Section 4 The Parties

4.1 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 Trust has been dormant since 14 May 2004.

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. Refer to Section 10.2.

The directors of the Responsible Entity are:



Geoffrey Michael McMahon BEcon, BCom, FCPA, FAICD, FCIM, ASIA

Geoff McMahon has been working in the property sector with Leyshon for approximately 15 years. He has been the Managing Director of Leyshon since 1996, and is responsible for the overall strategy of Leyshon and its property funds management, investments and development. Recent property projects in which Geoff has been involved include Comalco Place (Blue Tower, 12 Creek Street), CPA Centre (307 Queen Street), St George Bank House (10 Felix Street), 99 Melbourne Street (South Brisbane), Regatta Riverside (Toowong), William Jolly Place (North Quay), Indooroopilly Central (Indooroopilly) and Kingshome Apartments (Taringa).



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 which provide corporate property advice in the area of commercial property. Bill has been involved in the property industry since 1968, holding various positions including positions at the Valuer-General's Department, Knobel Real Estate, Ballieu Knight Frank and Hooker Corporate. Over the last decade, Bill has been involved in portfolio analysis including performance strategies, divestment, acquisition, adaptive re-use and risk management.



Michael O'Reilly MA, MIEF, FAPI

Michael O'Reilly is a joint founding director of Collins O'Reilly Pty Ltd, property auditors which provide corporate property advice in the area of commercial property, with emphasis on major CBD office buildings and industrial portfolios. Michael has been involved in the property industry since 1973, and has held a number of senior management positions in Australia and South East Asia with national and international real estate organisations. Michael is a fellow of the Australian Property Institute and a licensed real estate agent in Queensland.



Neil Edwin Summerson BCom, FCA, FAICD, FAIM

Neil Summerson is a director of several public, private and government corporations and has over 35 years experience practicing as a chartered accountant and as a former Partner and Managing Partner (Queensland) of Ernst & Young. Neil's core strengths include strategic planning, risk management, regulatory compliance and financial analysis.

4.2 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 the Responsible Entity.

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 10.5.

4.3 Leyshon Developments No. 3

Leyshon Developments No. 3 was incorporated as part of the Fund for the purpose of developing the London Woolstore Project and any Future Projects.

The Directors have a broad range of skills and experience in property development. Refer to Section 4.6 with respect to Leyshon's experience and past projects.

The Directors of Leyshon Developments No. 3 are:

Robert Bryan BSc (Hons, Geology), FAusIMM

Robert ('Bob') Bryan is a geologist who has wide experience in the mining industry especially in Queensland and Western Australia. In 1984 Bob founded Pan Australian Mining Ltd. Whilst Managing Director of Pan Australian Mining Ltd from 1984 to 1989, Bob oversaw the development of the major gold mine at Mt Leyshon. After selling his controlling interest in Pan Australian Mining in 1989, Bob founded his own private company Leyshon Pty Ltd. Bob is Chairman of Leyshon Pty Ltd, Pan Australian Resources NL, Highlands Pacific Ltd and Queensland Gas Company Limited. Bob is an Honorary Life Member of the Queensland Resources Council and a director of the Sustainable Minerals Institute within the University of Queensland.

Sally Kathleen Smith BBus (Human Resource Management)

Sally Smith worked for a number of departments of the Queensland Government for several years compiling company reports and financial data. Sally has extensive experience in human resource management having worked in various senior positions involving strategic planning, development and implementation of human resource policies and advice to executive management for the Queensland Government. Since 1995 Sally has been on the board of Leyshon and has been involved in Leyshon's property funds management, development and investments.

Scott Edward Bryan BSc (Hons, Geology), PhD

Scott Bryan is a geologist by training, graduating from the University of Queensland with First Class Honours in Geology and followed this up with a PhD from Monash University. Scott is currently a Post-Doctoral Fellow at Yale University. Since 2001 Scott has been on the board of Leyshon and has been involved in Leyshon's property funds management, development and investments.

Kenneth Ross Pickard BCom, FCA, MAICD

Ken Pickard is the founding partner of Pickard Associates Chartered Accountants, a regionally based firm of five partners and approximately 80 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 Pickard Associates in 1996. Ken 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.

Geoffrey Michael McMahon

Refer to Section 4.1.

William Gerard Collins

Refer to Section 4.1.

Michael O'Reilly

Refer to Section 4.1.

4.4 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 will be adopted by the Fund Managers.

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 Equity 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.

Fund charter and policy

The Boards will adopt a formal corporate governance charter and policy for the Fund (which will be reviewed and amended from time to time as the Boards may consider appropriate) to give formal recognition to the matters outlined above. This charter will set out various other matters that are important for effective corporate governance including the following:

- a framework for the identification of candidates for appointment to the Boards and their selection;
- a framework for individual performance review and evaluation;
- appropriate training to be made available to directors at both the time of their appointment and on an ongoing basis;
- basic procedures for meetings of the Boards and its committees including frequency, agenda and minutes;
- ethical standards and values formalised in a detailed code of ethics and values;
- procedures for directors to seek independent legal advice;
- dealings in securities formalised in a detailed code for Stapled Securities transactions designed to ensure fair and transparent trading by directors and their associates; and
- communications with Equity Investors and the market.

These initiatives, together with other matters provided for in the Fund's charter, are designed to 'institutionalise' good corporate governance and generally, to build a culture of best practice in the Fund's own internal practices and in its dealings with others.

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 committee

Leyshon Developments No. 3 and the Trust intend to establish an audit and risk management committee 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 committee are:

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

The committee performs 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 committee is responsible are the following:

- internal control framework including management information systems;
- corporate risk assessment and compliance with internal controls;
- 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 Equity Investors; and
- monitoring compliance with the codes of ethics.

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

4.5 The Asset Manager

Skills and experience of the Asset Manager

The Asset Manager of the Melbourne Street Project, London Woolstore 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 background 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 Equity 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 10.4.

The Asset Manager's remuneration

The Asset Manager's remuneration is detailed in Section 9 and 10.4.

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 10.4.

4.6 Leyshon – strengths and achievements

Leyshon, with its head office in Brisbane is one of Queensland's largest and strongest private investment groups. Leyshon commenced operations in 1989 and specialises in property funds management, investment and development. Through prudent investment and use of shareholders' funds, Leyshon has developed significant financial strength, allowing it to capitalise on opportunities related to its core business of property funds management, investment and development.

Over the past decade, Leyshon has invested in and developed over \$500 million worth of commercial office, residential, retail, retail warehouse and storage property.

Leyshon's strategic plan is to be firmly established 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 Leyshon's business are:

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

Leyshon has a wealth of experience in property funds management, investment and development of commercial office, retail, storage, retail warehouse and residential projects.

Recent projects include:



Comalco Place, Blue Tower, 12 Creek Street, Brisbane CBD

In 2003, Leyshon established Blue Tower Trust, the units of which were later listed on BSX, to acquire this 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. The property is managed by Leyshon (also an equity investor in Blue Tower Trust) and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd.

Investment value: \$120 million.



CPA Centre, 307 Queen Street, Brisbane CBD

In 2002, Leyshon established 307 Queen Street Trust to acquire this 29 level commercial office building which is also located in the heart of Brisbane's 'golden triangle'. 307 Queen Street is also managed by Leyshon (also an equity investor in 307 Queen Street Trust) and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd and has been the subject of a successful refurbishment and re-leasing program over the past two years.

Investment value: \$72 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.

Located opposite Brisbane's landmark commercial office tower Waterfront Place and the Stamford Plaza Hotel, St George Bank House has a net lettable area of 4,600 m².

Investment value: \$14 million.



William Jolly Place, North Quay, Brisbane

Leyshon purchased the former Australia Post State Parcel Centre 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.

Austereo (owners of leading radio stations Triple M and B105) signed a 15 year lease for two-thirds of the 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. Leyshon sold Indooroopilly Central 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.

MELBOURNE STREET PROJECT

5.1 Project details

The Melbourne Street Project is a newly constructed commercial office building 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 new five level office building comprising net lettable area of 6,145 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 building provides retail space and parking at ground level and has attracted commercial tenants such as professional services and medium to large companies to occupy the very large and efficient floor plates.

Construction commenced on this building in early 2004 and is anticipated to be completed in December 2004.

Investment value: \$24.5 million. Refer to Section 6.

5.2 Option to purchase

The Custodian for the Trust has entered into a put and call option deed to acquire Melbourne Street from Leyshon Developments Pty Ltd. The put and call options under this deed may not be exercised unless the Fund raises the minimum subscription of \$25 million. Refer to Section 10.6 for details of the put and call option deed.

5.3 Lease profiles

Leases for approximately 45% of the net lettable area of the Melbourne Street Project have been entered into with two tenants, Stockland Development Pty Ltd and Keilar Fox and McGhie Pty Ltd. Lease terms average in excess of seven years. In addition, heads of agreements that detail the principal commercial lease terms have been executed for a further 42% of the building's net lettable area.

5.4 Rent guarantee

Leyshon Developments Pty Ltd will guarantee that the Trust will receive gross rental income at least equal to \$330 per m² on any vacant commercial space, \$450 per m² for any vacant retail space and \$220 per month for any vacant car parks with 4% annual escalation on all income. The rent guarantee will cover any vacancies that exist on the acquisition date and will expire once leases commence on terms at least as favourable as above or four years after the date of settlement of the acquisition of the building, whichever is the earlier.

5.5 Project funding

The Melbourne Street Project will be financed by Unitholders' equity plus bank debt of approximately \$16 million. A five year interest only debt facility is in the process of being arranged with a leading bank at a 1.1% margin above the prevailing five year swap rate. The Asset Manager intends to fix the interest rate on the debt facility for a period of five years. Security for the debt facility will be a fixed and floating charge over the Responsible Entity and a registered first mortgage over Melbourne Street.

LONDON WOOLSTORE PROJECT

5.6 Project details

The London Woolstore Project comprises three separate buildings.

The London Woolstore Project involves 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. The building structure is heritage listed and may not be demolished or altered in any significant way, therefore, the apartments are being built within the existing structure.

In addition to the main woolstore building, the site also includes two smaller buildings (also heritage listed) which are presently leased to various tenants for professional offices. They have been refurbished into good quality warehouse style office accommodation. It is proposed to sell these two smaller buildings 'as is' when they are placed on individual land titles.

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 and 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 ten years has become a very popular and fashionable residential address. There are 11 former woolstore buildings in the precinct, nine of which have recently been converted to residential uses. Conversion of the remaining two woolstore buildings, including the London Woolstore, is underway.

Plans are well advanced for the conversion of the main woolstore building into residential apartments, car parking and retail shops. All town planning and Heritage Commission approvals for the work have been obtained and demolition of old internal partitions within the building has commenced. A marketing and advertising campaign to pre-sell the residential apartments is well advanced. At the date of this Offer Document approximately 24 apartments were sold. When pre-sales reach approximately 30 apartments, construction work will commence. Construction is expected to commence in January 2005 and is scheduled to conclude in October-November 2005.

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

The other two smaller buildings on the site are leased. The town planning application to separately title these buildings is presently with Brisbane City Council. An approval is expected by mid December 2004. When approval is obtained and separate titles are issued, these buildings will be sold.

The project is to be developed pursuant to the Development Agreement. Refer to Section 10.7 for details of the Development Agreement.

5.7 Project revenue

The apartment mix comprises 30 one bedroom apartments priced between \$255,000 and \$295,000, 48 two bedroom apartments (all two level) priced between \$455,000 and \$530,000, nine top floor three bedroom apartments between \$645,000 and \$675,000 and two large penthouse apartments at prices between \$800,000 and \$1 million each.

The nine retail shops at ground level range in size between 80 m² and 120 m² and are selling on average for \$475,000 each. Seven of the nine retail shops are sold to date. The two smaller buildings on the site as outlined earlier will be offered for sale when separate titles issue. It is expected that these buildings will be sold by March 2005. Their current Market Value is \$6.35 million.

The project's total revenue excluding GST is approximately \$48.4 million. Refer to Section 6.

5.8 Total Development Cost

The Project's Total Development Cost is approximately \$44 million.

A fixed price construction contract for \$18 million is being negotiated with a leading building company. The Project's Total Development Cost of \$44 million also includes a construction contingency of \$500,000.

5.9 Project funding

As this project is underway, financing has been arranged by Leyshon Properties Pty Ltd as trustee of the London Woolstore Trust. St George Bank Limited have provided a debt facility of approximately \$11 million to assist in the purchase of the site and are in the process of finalising a further \$21 million debt facility for the project's Total Development Cost.

Leyshon will provide a corporate guarantee 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).

FUTURE PROJECTS

5.10 Strategy for Future Projects

The Fund Managers intend to utilise some of the Total Funds Raised for Future Projects that satisfy the Fund's investment strategy and its project selection criteria as detailed in Section 5.12.

After the acquisition of the Melbourne Street Project and allocation of funds for the London Woolstore Development Agreement, the Fund will have cash reserves of approximately \$8.2 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 the London Woolstore Project will be completed by December 2005.

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

5.11 Project selection process

The Responsible Entity and the Company will establish a project selection committee to source, analyse and select Future Projects for consideration for acquisition and development. The committee will initially comprise 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.

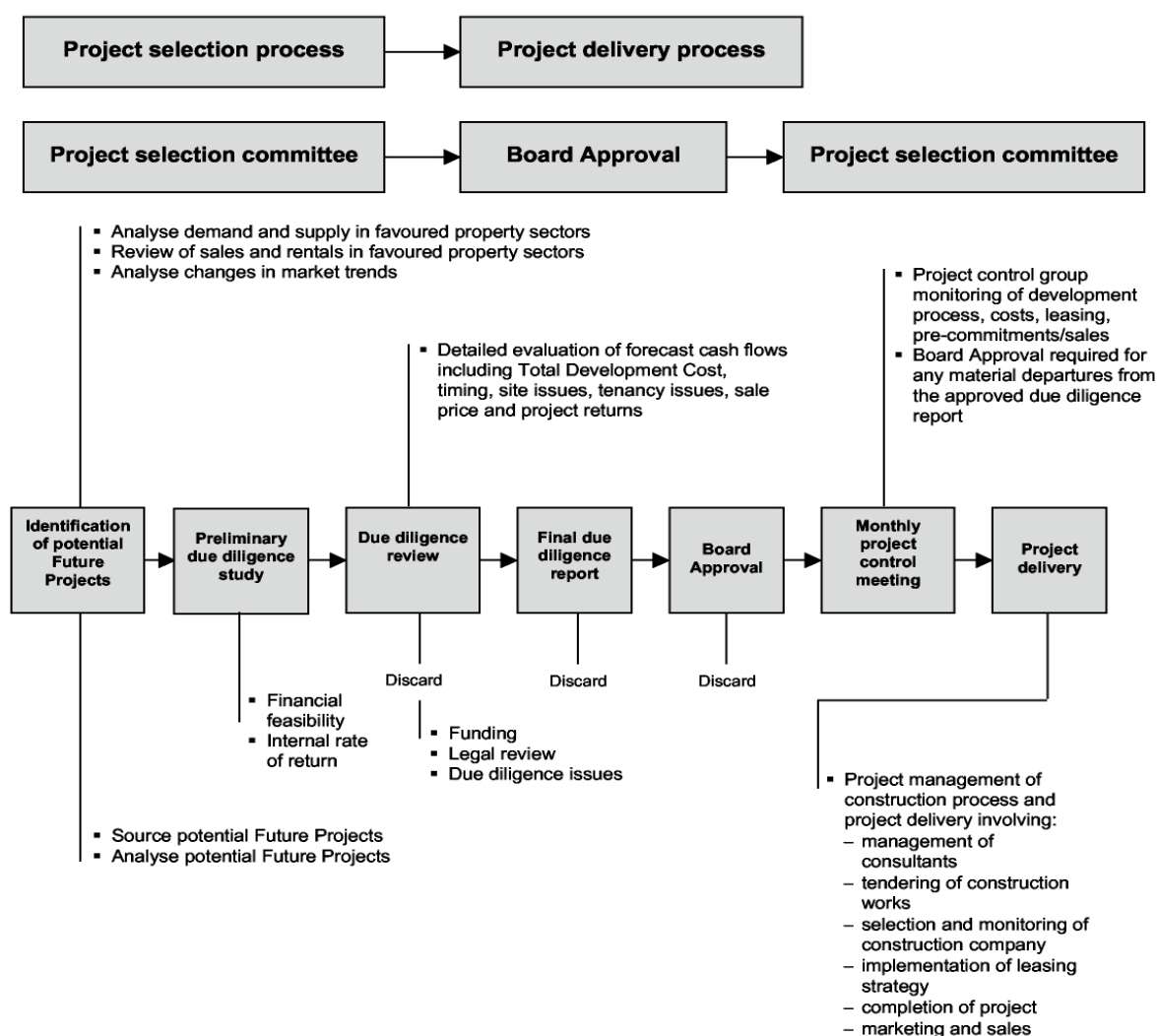
Leyshon's primary business activity since its inception in 1989 has been property investment and development. It has achieved significant success and gained a reputation for quality products in the property investment and development industry. Much of this success can be attributed to Leyshon's disciplined, focused and professional approach in its due diligence and management procedures.

A thorough due diligence study must be conducted and prepared for every Future Project. A detailed due diligence report must be submitted by the project selection committee to the Fund Managers' directors for approval prior to signing any 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 below.

FUTURE PROJECT SELECTION AND PROJECT DELIVERY PROCESS



5.12 Project selection criteria

The Fund will pursue Future Projects with a medium risk return profile. The return on Future Projects' Total Development Cost is likely to range from 12% to 20% with the resultant internal rate of return on equity likely to range from 15% per annum to 30% per annum after using an appropriate level of bank debt. 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 Equity 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. At present, Future Projects will be considered in the following property sectors:

- residential apartments;
- commercial office;
- retail warehouse;
- industrial; 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 Projects' 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.

Each Future Project must 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 4.4.

Section 6 Valuation Reports

6.1 Melbourne Street Project

LandMark White



8 November 2004

Leyshon Corporation Limited
Level 1, 295 Elizabeth Street
Brisbane QLD 4000

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.landmarkwhite.com.au

Attention: The Directors

Dear Sirs

RE: **99 MELBOURNE STREET, SOUTH BRISBANE, QLD, 4000**

1. Instructions

We refer to your instructions requesting a formal valuation report and summary in respect of the property above be summarised in this letter format for the purposes of inclusion in a Prospectus and Product Disclosure Statement (Offer Document). Whilst we have prepared a comprehensive formal valuation report, this letter provides a summary of the report detailing the principal factors, which have been considered to reach our opinion of market value. For further detailed information, reference should be made to the full valuation report.

2. Brief Description

The subject property is located in the city fringe suburb of South Brisbane approximately 750 metres south west of the Brisbane CBD. South Brisbane is an established and well-sought after city fringe locale, which is characterised by a mix of commercial, retail and residential development. The primary focus of the retail and commercial component centres around Melbourne Street and other nearby roads.

The site has an area of 2,708 square metres and the total net lettable area of the building is 6,145 square metres. Improvements upon completion are to comprise a, 5-storey office building, incorporating ground level retail and car parking with a total of 34 bays. The property is nearing the final stages of construction and is due for completion in the latter part of 2004.

3. Tenancy Details

The property is assumed 100% leased by lettable area based on the existing executed leases provided by the client together with a statement of current negotiations including terms of agreement on commercial terms. Should the leases not be executed as outlined within the report, the valuation proceeds on the critical condition that the rental guarantee is provided over all vacant space for a four year term. This assessment has been provided on the basis of the information provided, should any change to the state of negotiations as provided arise, I reserve the right to recast the valuation accordingly. It is a critical assumption of the valuation that all incentives have been paid out in full. There has been quite a substantial leasing program embarked upon in the last 12 to 18 months, which has had good success.

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The weighted average lease expiry is 96.67 months which is considered reflective of the quality and tenure of tenant generated through the pre-leasing campaign.

The rentals achieved range from \$325 per square metre gross to \$335 per square metre gross for the office component, with \$450 per square metre gross over the retail space. Market rental growth for property of this type is likely to be in the order of 3% per annum over a 10 year investment horizon. Incentives in a property of this calibre are considered to be in the order of 20% - 22.5% in the context of face rents in the order of \$330 per square metre gross.

Outgoings including land tax are circa \$55 per square metre of lettable area, which is slightly below the Property Council of Australia's (PCA) benchmark figures. The outgoings are however considered at an appropriate rate given the new level of accommodation and low levels of common area. Furthermore the outgoings are considered commensurate with other new style accommodation recently completed within the fringe market.

Most of the existing leases have been structured on a "gross plus" basis, whereby increases in outgoings over the base year are recoverable. The leases are generally for periods ranging from 84 months to 120 months, with only the retail lease assumed at a lesser length of 60 months. Lease review mechanisms typically in the leases are fixed to annual 4% - 4.5% increases. Only Stockland is reviewed annually to a lesser mechanism of CPI.

The two executed leases comprise option periods of 60 months with market review mechanisms at expiry of initial terms.

The net annual passing and net annual market income have been calculated at \$1,892,278 and \$1,844,968 respectively. This analysis indicates that the passing rental is marginally above market. This is attributed to the assessed/derived long-term vacancy factor over the investment horizon. Apart from that element, the passing income is very close to the market income.

4. Market Commentary

The property investment market is presently characterised by a lack of purchasing opportunities with yields remaining firm under a weight of money entering the property market generally. Demand is consistent across all commercial property sectors at present. On-going speculation about interest rate movements may have an impact on property yields, however to date purchasers do not appear to be factoring in interest rate movements in their purchasing decisions. Indeed the current investment market suggests yields will remain firm as competition for prime and secondary property remains strong.

South Brisbane's vacancy rate has outperformed the near city precinct since January 2000 and continues its downward trend to record its lowest vacancy rate at 3.6%. Positive net absorption has returned to the locale reversing the negative absorption witnessed in the January 2004 PCA survey.

The July 2004 PCA survey shows nominal positive net absorption of 78 square metres. Over the last three years the inner south precinct has witnessed an overall decrease in net additions as more commercial space was withdrawn than supplied. The medium term outlook is for the inner south precinct to witness an increase in net additions with LandMark White (Brisbane) Pty Ltd identifying several major commercial developments over 5,000 square metres within the locality, if all projects are constructed over 50,025 square metres of commercial office space will be added to the locality. It is likely that the future supply will be pre-committed as further commercial buildings are redeveloped and withdrawn from the inner south precinct.



no.	address	sale date	sale price	analysis*			
				IY	AMY	IRR	\$/m ²
1	135 Wickham Terrace Spring Hill	10/04 U/C	\$18.75 Million	8.69%	7.80%	9.24%	\$2,931
2	Citilink 153 Campbell Street Bowen Hills	08/04	\$39.4 Million	8.76%	8.58%	9.61%	\$2,506
3	Taringa Central 165 Moggill Road Taringa	04/04	\$10.325 Million	7.39%	8.03%	8.83%	\$2,966
4	15 Astor Terrace Spring Hill	04/04 U/C	\$9.65 Million	9.09%	8.74%	9.83%	\$2,492
5	Proximity 74 High Street Toowong	12/03	16.50 Million	7.40%	7.40%	9.59%	\$3,759

*IY=Initial Yield; AMY=Analysed Market Yield/Capitalisation Rate; IRR=Internal Rate of Return.

5. Valuation Rationale

The current market value on a fully leased basis has been determined via reconciliation between the capitalisation, discounted cash flow and direct comparison methods of valuation.

The net market income has been calculated by adding the assessed gross market rental for the office space with the parking and signage income streams to arrive at a gross market income. Having established the gross income, we have subsequently deducted the total outgoings budget and the derived vacancy factor to arrive at the net market income.

We have capitalised the annual net market income at a yield of 7.5%. From the core investment value an addition was made to reflect the small rent reversion. On this yield basis, our analysis indicates a market value for the property, as at the date of valuation of \$24,511,556. Based on the above, a value rounded to \$24,500,000 for the capitalisation approach reflects an initial yield on net passing income of 7.72%.

We have undertaken a discounted cash flow analysis that utilises future projected income and expenses. This analysis is based upon a range of specific assumptions that include the following:

- A 10 year investment horizon commencing 1 November 2004 which utilises a terminal capitalisation rate of 8.00%.
- An adopted discount rate of 9.50% based on the analysis of comparable sales.
- Average market rental growth of 3.0% per annum.

The discounted cash flow analysis indicates a value of \$24,524,560. The capitalisation approach detailed above supports the value established by the discounted cash flow and is within an acceptable margin of this position. At an adopted value of \$24,500,000 an IRR of 9.52% is derived, which is considered reasonable.

At the adopted value of \$24,500,000 a pro rate value of \$3,987 per square metre of net lettable area is derived, which is consistent with the sales evidence, albeit towards the highest end of the range.

Taking into consideration the merits of the three approaches, we have adopted a current market value of \$24,500,000 for the property. This figure is GST exclusive, fully leased and is based on payment of all incentives having occurred prior to the date of valuation.



6. Valuation Summary

Subject to the qualifications and assumptions contained within the body of this letter and full valuation report, I assess the market value exclusive of GST, subject to the proposed leases and a rental guarantee over the existing vacant spaces, as at 1 November 2004, to be:

\$24,500,000

(Twenty Four Million Five Hundred 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 Corporation 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 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 properties.

The opinion of value expressed in this summary is that of the valuer who is the prime signatory to the summary. The counter signatory 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

Nicholas Kalinin AAPI
Certified Practising Valuer
Registered Valuer No. 2755 Qld

Ross Perkins FAPI MAICD
DIRECTOR

6.2 London Woolstore Project

LandMark White



8 November 2004

Leyshon Properties Pty Ltd
Level 1, 295 Elizabeth Street
Brisbane QLD 4000

Attention: The Directors

Dear Sirs

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.landmarkwhite.com.au

RE: **"LONDON WOOLSTORE APARTMENTS, NO. 2 AML & F WOOLSTORE AND BOND STORE", CNR
VERNON TERRACE, ETHEL STREET & FLORENCE STREET, NEWSTEAD, QLD 4006.**

1. Instructions

We refer to your instructions requesting that the formal valuation report in respect of the property above be summarised in this letter format for the purposes of inclusion in a Prospectus and Product Disclosure Statement (Offer Document). Whilst we have prepared a comprehensive formal valuation report, this letter provides a summary of the report detailing the principal factors, which have been considered to reach our opinions of market value. For further detailed information, reference should be made to the full valuation report.

2. Brief Description

The subject site has an area of 7,034 square metres and comprises an irregular shaped corner parcel with frontage to Vernon Terrace, Ethel Street and Florence Street. The site is improved with the "AML & F Woolstore" building which is currently under construction for the proposed residential/retail conversion, the "No.2 AML & F Woolstore" building which is converted into 9 office tenancies and "The Bond Store" which is a single level older style office/showroom building.

3. Proposed Development

The proposed development scheme 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 will also incorporate an atrium, single lift servicing all levels and lobby entrance. The "No.2 Woolstore" building is to be partly refurbished, with "The Bond Store" to remain unchanged. A total of 127 car parks are to be provided within the development which includes 45 volumetric car parks located within an adjoining building known as 'Wharfside'.

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4. Status of Project

Development Approval has been obtained from the Brisbane City Council dated 15 July 2004: *Material Change of Use and Carrying Out Building Work (Development Permit and Preliminary Approval)* – Partial demolition, multi-unit dwelling (89 units), shop, office and works to Heritage Place.

Construction has commenced on the proposed development, with the project expected to be completed within a 12 month time frame.

5. Valuation Rationale

The valuation of the subject property has been carried out based on the gross realisation “as if complete” assessed through comparison with similar projects in the immediate and surrounding locality.

6. Gross Realisation Summary

CATEGORY	GROSS REALISATION
“London Woolstore Apartments” - residential	\$40,047,000
“London Quarter” – Retail	\$4,461,000
Management Rights	\$500,000
“No.2 AML & F Woolstore”	\$5,200,000
“Bond Store”	\$1,150,000
TOTAL	\$51,358,000

Notes:

1. The residential component shows an average value of \$449,966 per unit reflecting an average pro rata value of \$4,615 per square metre of gross floor area for the project.
2. Given that the majority of retail units have been sold, I have adopted the sale prices achieved as market value, although it is noted that based on the pro rata values reflected in terms of an internal area analysis, the sale prices are considered to lie at the upper end of market parameters. Shops 1 & 2 and 3 & 4 were sold as amalgamated purchases, with Shop 8 sold to the marketing agent.
3. In terms of the management rights, I have estimated approximately 35% to 40% of residential units will be in the letting pool (i.e. 33 units), with the assessed value of \$500,000 (exclusive of GST) equating to approximately \$15,152 per letting unit.
4. The assessed net market annual income for the “No. 2 Woolstore” building is \$437,950, which reflects a reversionary yield of 8.42% based on the adopted value of \$5,200,000 (exclusive of GST).
5. The assessed net market annual income for the “The Bond Store” is \$95,160, which reflects a reversionary yield of 8.27% based on the adopted value of \$1,150,000 (exclusive of GST).
6. Various allowances have been made to the commercial component where considered appropriate including lease surrender expenses, leasing incentives and agents commissions.

Accordingly, the total gross realisation for the project is assessed at \$51,358,000, with individual component values detailed above.



7. Valuation

Subject to the qualifications and assumptions contained within the body of our full valuation report, I assess the market value of the fee simple interest in possession of the property, as at 10 September 2004, to be:

Gross Realisation "As if Complete" Assuming Individual Sales (Inclusive of GST)
\$51,358,000
(FIFTY ONE MILLION THREE HUNDRED AND FIFTY EIGHT THOUSAND DOLLARS)

8. 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 Properties Pty Ltd. 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 properties.

The opinion of value expressed in this summary is that of the valuer who is the prime signatory to the summary. The counter signatory 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
Registered Valuer No. 2631 Qld

John McEvoy AAPI
DIRECTOR

Section 7 Risk Factors

7.1 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 business activities 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; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.2 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 Equity 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 Equity 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 approximately 45% of the building's net lettable area have been secured. In addition, heads of agreements to enter formal leases have been executed by tenants for a further 42% of the building's net lettable area. Leyshon Developments Pty Ltd has agreed to guarantee the rental income of the building's vacant areas at the time of settlement of the acquisition for four years from the date of settlement or until leases commence, whichever is the earlier.

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 or institutional purchaser and support an acceptable sale capitalisation rate.

RISK	MITIGATING FACTOR
London Woolstore Project	
Construction risk <i>Construction costs exceed budget</i>	Significant due diligence has been undertaken by Leyshon Properties Pty Ltd as trustee for London Woolstore Trust on this risk. A fixed price construction contract is being negotiated with a leading building company. In addition, the forecast statement of financial performance includes a construction cost contingency.
Sales risk - residential apartments <i>Revenue falls short of expectations/ rate of sale is slower than forecast</i>	The sale prices of the residential apartments in the London Woolstore Project have been based on prices being achieved in comparable projects. Significant pre-sales 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>	It is anticipated that the proposed retail shops and their prime location will make them attractive to owner operators and individual investors and support the forecast sale capitalisation rate.
Sales risk - commercial <i>The commercial property is unable to be ultimately sold at the forecast sale capitalisation rate</i>	It is anticipated that the property's prime location, lease tenure and terms, and tax depreciation deductions for the purchaser on the ultimate sale of the building will make it attractive to a superannuation fund, property syndicate and individual investors and support the forecast sale capitalisation rate.

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

RISK	MITIGATING FACTOR
All Projects	
Interest rate risk <i>Rising interest rates will adversely affect Equity Investors' returns</i>	<p>The Responsible Entity will adopt an interest rate risk management policy using financial products, for example, interest rate swaps to minimise exposure to rising interest rates.</p> <p>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.</p>
BSX listing <i>Listing may not occur</i>	<p>While the Fund Managers intend to apply for listing and quotation of the Stapled Securities on BSX, granting of this application is at the discretion of BSX.</p> <p>If listing on BSX cannot be achieved then listing will be sought on another Approved Stock Exchange.</p>
Management risk <i>The Asset Manager fails to appropriately manage the Projects</i>	<p>The Asset Manager is very experienced and skilled in project structuring and delivery and has the capacity and capability to maximise investment outcomes.</p> <p>The obligations of the Asset Manager are set out in the summary of the Stapling and Asset Management Deed. Refer to Section 10.4 which, amongst other things, provides remedies to Equity Investors which are available in the event of the Asset Manager's non-performance.</p>
Legal and taxation risk <i>Adverse consequences to investments can occur because of amendments to statutes and regulations affecting them</i>	<p>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.</p> <p>The Fund Managers recommend investors obtain their own professional taxation advice.</p>

7.3 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 economy 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 increase in interest rates, could be expected to have a adverse impact on the Fund's operating and financial performance.

Share market investments

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

Factors affecting the price at which the Stapled Securities are traded on BSX could include domestic and international 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.

Section 8 Financial Information

8.1 Overview

This Section sets out:

- sources and applications of funds;
- pro-forma statement of financial position;
- forecast statements of financial performance;
- key assumptions;
- key accounting policies;
- sensitivity analysis; and
- taxation.

The financial information is based on the best estimate assumptions made by the Fund Managers set out in Section 8.5 and should be read together with the risk factors set out in Section 7.

This section has been prepared on a consolidated basis for each of the Leyshon Property Trust No. 3, Leyshon Developments No. 3 and the assets and liabilities of the London Woolstore Project. The London Woolstore Project involves Leyshon Developments No. 3 participating in the project through a Development Agreement with Leyshon Properties Pty Ltd. All amounts in this section have been presented as if the forecast assets, liabilities and profits after tax of the London Woolstore Project are the forecast assets, liabilities and profits after tax of Leyshon Developments No. 3.

8.2 Sources and applications of funds

The sources and applications of funds to initially acquire the Melbourne Street Project and participate in the London Woolstore Project are set out in the following table:

	(\$'000)
Sources of funds	
Proceeds of the Offer	30,000
Bank debt	28,960
Total sources of funds	58,960
Applications of funds	
Purchase of property investments	26,575
Acquisition of property development inventories	21,400
Expenses of the Offer	500
Cash on deposit	10,485
Total applications of funds	58,960

8.3 Pro-forma statement of financial position

Set out below is a pro-forma statement of financial position of the Fund following the acquisition of the Melbourne Street Project and participation in the London Woolstore Project:

	(\$'000)
Assets	
Cash on deposit	10,485
Property investments	26,575
Property development inventories	<u>21,400</u>
Total Assets	<u>58,460</u>
Liabilities	
Bank debt	<u>28,960</u>
Total liabilities	<u>28,960</u>
Net Assets	<u>29,500</u>
Equity Investors' funds	<u>29,500</u>

8.4 Forecast statements of financial performance

Set out below are the Fund's forecast statements of the financial performance for the period to 30 June 2005 and the financial year ending 30 June 2006.

The assumptions on which the forecasts are based are set out in Section 8.5.

	20 December 2004 to 30 June 2005 (\$'000)	Year to 30 June 2006 (\$'000)
Gross profit		
Sales of property development	6,200	41,900
Costs of sales	<u>5,697</u>	<u>38,070</u>
Gross profit	<u>503</u>	<u>3,830</u>
Other income		
Rental income	1,515	2,258
Interest income	<u>90</u>	<u>320</u>
Total other income	<u>1,605</u>	<u>2,578</u>
Total income	<u>2,108</u>	<u>6,408</u>
Total expenses	<u>1,264</u>	<u>1,404</u>
Profit before tax	<u>844</u>	<u>5,004</u>
Tax expense	<u>193</u>	<u>1,296</u>
Profit after tax	<u>651</u>	<u>3,708</u>

	20 December 2004 to 30 June 2005	Year to 30 June 2006
Forecast Trust quarterly distributions		
- Distributions (\$'000)	679	2,400
- Cents per Stapled Security	2 cents	8 cents
- Annualised %	8%	8%
- Tax deferred (%)	100%	100%

8.5 Key assumptions

The forecast statements of financial performance for the period to 30 June 2005 and the financial year ending 30 June 2006 have been prepared based on various best estimate assumptions made by the Fund Managers. Equity Investors should be aware that many factors which may affect results may be outside the control of the Fund Managers or may not be capable of being foreseen or accurately predicted. As such, actual results will differ from those forecast. Returns are not guaranteed by the Fund Managers or any other person. The key assumptions underlying the forecasts are outlined below:

Trust – Melbourne Street

- purchase of the Melbourne Street Project at an independent valuation of \$24.5 million on 20 December 2004;
- acquisition costs of 5.5% of the purchase price are incurred on settlement;
- Asset Manager is paid an acquisition fee of 2% of the purchase price on 20 December 2004;
- rental income is based on current executed leases and the rent guarantee from Leyshon Developments Pty Ltd based on an initial gross rental rate of \$330 per m² for vacant commercial office space, \$450 per m² for vacant retail space and \$220 per month for each vacant car park, with a 4% annual escalation on all income, refer to Section 5.3.
- land tax is non recoverable and is an expense to the Trust;
- increases over initial year outgoings are fully recovered from tenants;
- bank debt of approximately \$16 million;
- interest rate on the bank debt of 7% (being a rate in excess of a 1.1% margin over the prevailing five year swap rate);
- interest will be charged on any Trust funds advanced to or from the Company at the same interest rate as the bank debt plus 2%;
- funds on bank deposit earn interest of 4.5% per annum;
- the Trust will pay Equity Investors an 8% per annum distribution (paid quarterly in arrears) on the Fund's total \$30 million equity; and
- an asset management fee of 0.5% per annum is paid monthly in arrears to the Asset Manager on the forecast market value of the Melbourne Street Project.

Company – London Woolstore Project

- the project is developed in accordance with the Development Agreement between the Company, Leyshon Properties Pty Ltd as trustee of the London Woolstore Trust and Leyshon Corporation Limited (refer to Section 10.7);
- costs previously incurred on the project by Leyshon Properties Pty Ltd are reimbursed to Leyshon Properties Pty Ltd on 20 December 2004;
- Total Development Cost of the project is \$44 million;
- total sales revenue of the project after GST is \$48.4 million;
- the project will be financed by bank debt totalling \$32 million of which \$10.7 million is currently drawn down and Equity Investors' funds of \$10.8 million (being part of the Company's equity of \$15 million);
- interest of 8.5% per annum on the bank debt, with interest capitalised monthly and interest being part of Total Development Cost;
- an amount of \$300,000 available to Leyshon Properties Pty Ltd on completion of the London Woolstore Project as a guaranteed return for this project (being a minimum return reflective of the provision of a corporate guarantee to the Project's financier);
- Asset Manager to be paid a Development Management Fee of 5% of the project's Total Development Cost paid monthly in arrears until December 2005;
- a project introduction and management fee of \$1.5 million is paid to Maximillian Property Group. Maximillian Property Group is not related to the Fund Manager or Leyshon. The Total Development Cost of \$44 million includes this amount;
- all sales settle by December 2005; and
- proceeds from the project (the initial equity and after tax profits) are to be utilised to assist with the financing of Future Projects.

Future Projects

- a Future Project to be acquired before 30 June 2005;
- land cost of \$12.5 million;
- construction to commence in January 2006 with \$10 million construction costs expended by 30 June 2006;
- Future Project still under construction as at 30 June 2006; and
- no impact on forecast profit after tax for the period to 30 June 2005 and the financial year ending 30 June 2006 as all development costs are capitalised.

Trust and Company

- Total Funds Raised of \$30 million;
- all amounts exclusive of GST;
- no tax paid by the Trust as the Trust's income is assessable to Unitholders in proportion to their unitholding in the Trust, refer to Section 8.8; and
- tax will be paid by the Company at 30% company tax rate.

8.6 Key accounting policies

The key accounting policies used in the preparation of the forecasts are described below.

Basis of Preparation

The forecasts have been prepared on the basis of historical costs and, except where stated, do not take into account changing money values or fair values of non-current assets.

Income and Expenses

Income and expenses are brought to account on an accrual basis.

Income Tax

Under current tax legislation, the Trust is not liable for income tax provided Unitholders are presently entitled to all of the income of the Trust each year (refer to Section 8.8 for further details). The Company incurs tax at the current corporate tax rate of 30%.

Investment Properties

Investment properties will be brought to account at cost, which includes the costs of acquisition including stamp duty, legal fees, borrowing costs, Asset Manager's acquisition fee and other costs.

In accordance with Australian Accounting Standards, property investments are not subject to accounting depreciation. Accordingly, the Melbourne Street Project has not been depreciated in the forecasts.

It is the current intention of the Asset Manager that investment properties will be revalued at least every third year.

Consolidation

The pro-forma and forecast statements of financial position combine the financial statements of the Trust, the Company and the London Woolstore Project. The effects of all transactions between entities have been eliminated.

Revenue Recognition

Revenues from the sale of property development projects will be brought to account when all of the following conditions are satisfied:

- unconditional sales contracts have been executed; and
- construction of the project is more than 50% complete; and
- there are no major contractual disputes with the projects' builder.

Costs of property development projects

The Total Development Cost of all property development projects are carried in the statement of financial position as property development inventories until revenue is recognised on the sale of inventories.

International Financial Reporting Standards

From 1 July 2005 International Financial Reporting Standards ('IFRS') will be applicable. The Fund Managers do not believe reported results will be materially different under IFRS. Revaluation increments or decrements occurring after 1 July 2005 will be shown as an income or expense item in the statement of financial performance, in accordance with the pending Australian Accounting Standard AASB 140 'Investment Property' and the International Accounting Standard IAS 40 'Investment Property'.

8.7 Sensitivity analysis

Investors should be aware that the forecasts in relation to the Fund may not be met for a variety of reasons. Risk factors are discussed in Section 7.

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 assumptions may offset or compound any one variable beyond the extent shown. In addition, it should be noted that the results of the Fund may be significantly affected by variations in the outcome of any one of the Projects.

The table below details the sensitivity of the Fund's forecast profit after tax for the period to 30 June 2005 and the financial year ending 30 June 2006 for changes in certain assumptions:

	20 December 2004 to 30 June 2005	Year to 30 June 2006
	(\$'000)	(\$'000)
Melbourne Street Project		
Increase in bank debt interest rate by 0.5%	(41)	(82)
Increase in bank debt interest rate by 1.0%	(81)	(164)
London Woolstore Project		
Increase in bank debt interest rate by 0.5%	(6)	(42)
Increase in bank debt interest rate by 1.0%	(11)	(83)
Increase in Total Development Cost by 5%	-	(1,492)
Increase in Total Development Cost by 10%	-	(2,984)
Decrease in sales revenue by 5%	(217)	(1,450)
Decrease in sales revenue by 10%	(434)	(2,900)
6 months delay in settlement of sales	(611)	611
12 months delay in settlement of sales	(611)	(2,077)

The quantified impact of delays in the Projects have been calculated in isolation and do not take account of time delay risk management policies and procedures adopted by the Fund. Further, the sensitivity analysis does not reflect that time delay does not always result in permanent loss of after tax profits but impacts only on the timing of the recognition of development projects' after tax profits from one year to the next.

8.8 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 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. The assumptions and other details on which these calculations are based are set out in the notes on tax calculations in this Section.

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, as discussed below.

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

The table below sets out the forecast tax deferred component of the proposed distributions of the Trust (under current tax law).

This analysis assumes that the Unitholder is an Australian resident taxpayer and does not carry on a business of trading in Units.

Forecast Trust tax calculations

		20 December 2004 to 30 June 2005	Year to 30 June 2006
	Note	(\$'000)	(\$'000)
Forecast Trust investment income	1	447	684
Less forecast deductions:			
Net income/(loss) carried forward		0	(94)
Depreciation on plant and equipment	2	(343)	(651)
Building allowance	3	(129)	(238)
Amortised establishment costs	4	(25)	(49)
Amortised borrowing costs	5	(44)	(87)
Total forecast deductions		(541)	(1,119)
Forecast Trust net income/(loss):	6	(94)	(435)
Forecast distribution	7	679	2,400
Forecast tax deferred or capital repayment component of distribution	8	100%	100%

Notes on forecast Trust tax calculations

1 Forecast Trust investment income	This amount is the projected investment income before deductions.
2 Depreciation on plant and equipment	A tax deduction is allowed for depreciation of plant, equipment and other items such as air conditioning, machinery and equipment, carpets, lifts, etc. The diminishing value method has been used to determine annual deductions. Calculations are based on the current taxation laws requiring depreciation rates to be determined by effective life.
3 Building allowance	An allowance of either 2.5% or 4% per annum (depending on applicability) on qualifying capital expenditure incurred in the construction of certain components of the building is available as a tax deduction.
4 Amortised establishment costs	Costs of business establishment and equity raising are an eligible tax deduction over a five year period and are claimed 20% in the first year and 20% in each of the next four years.
5 Amortised borrowing costs	Borrowing costs, including stamp duty on the borrowings, loan establishment fees and legal fees are claimed progressively over the lesser of the term of the loan or five years.
6 Forecast Trust net income/(loss)	This is the forecast net income/(loss) for income tax purposes of the Trust.
7 Forecast distribution	This amount is the forecast 8% per annum return to Equity Investors. In the early years of the Fund this is to be paid from accounting profits and as a partial capital repayment.
8 Forecast tax deferred or capital repayment component of distribution	<p>This is the estimated percentage of cash distributed to Equity Investors that is tax deferred in the year received or is a partial capital repayment of the amounts paid up on an Equity Investor's investment.</p> <p>Tax deferred distributions may arise from tax deductions that relate to building write off allowances, plant and equipment depreciation and other expenditure such as borrowing and business establishment and capital raising expenses.</p> <p>The tax deferred amounts reduce the cost base of a Unitholder's investment.</p> <p>General income tax treatment will not apply to gains (or losses) made in respect of a disposal of Units by a Unitholder unless the Unitholder can be regarded as trading in the Units. Instead, capital gains tax ('CGT') (or treatment as capital losses), as discussed below, may apply.</p>

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 tax position.

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. The Unitholder must gross-up the distribution by doubling the discounted capital gain 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%. Effectively, the 50%/33.3% exempt component of the capital gain is a tax-free amount on ultimate distribution to individuals or superannuation funds.

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 the reductions in the amount assessable for capital gains in the case of individuals and trusts of 50%, and for complying superannuation funds of 33.3%, 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 relate to the write off of buildings, depreciation of plant and equipment or other tax deductible expenditure or which are partial repayments of the Equity 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 to pay dividends to Equity 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 the Fund.

Expenditure that the Fund incurs which includes a GST component will generally entitle the Fund 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 the Fund has been stated at the net cost to the Fund. 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

Equity 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 8 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 Equity Investor and the Asset Manager is not responsible for taxation or penalties incurred by Equity Investors.

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

Section 9 Fees and Charges

9.1 Fees and charges of the Trust

This table shows fees and other costs that you may be charged as an Equity Investor in the Trust. These fees and costs may be deducted from your Application Money or from the returns on your investment, or from the assets of the Trust as a whole.

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.

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> This is the fee to set up your initial investment	<p>An acquisition fee of 2% of the purchase price of the Melbourne Street Project and Future Projects of the Trust</p> <p>Initial capital raising costs of 0.95% of the acquisition cost* of the Melbourne Street Project, which is a one-off fee</p>	<p>Payable on acquisition of the Melbourne Street Project and Future Projects of the Trust to the Responsible Entity as an upfront one-off fee</p> <p>These costs relate to the establishment of the Trust and are not paid to the Responsible Entity as remuneration</p>
<i>Contribution fee:</i> This is the fee for the initial and every subsequent investment you make (or that may be made on your behalf, eg by an employer)	Nil	Not applicable
<i>Withdrawal fee:</i> This is the fee charged for each withdrawal you make (including any instalment payments and your final payment)	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		
<i>Administration costs</i> are the fees and costs for operating the Trust. They include administration and other fees charged by the Responsible Entity, distribution costs and other expenses incurred in operating the Trust	0.49% of the acquisition cost* of the Melbourne Street Project	As and when incurred. These costs are the Trust's operating costs and are not paid to the Responsible Entity as remuneration
<i>Investment costs</i> are the fees and costs for investing the assets of the Trust. They include fees charged by the Responsible Entity, fees paid to external investment managers and other expenses incurred in investing the assets (excluding transaction costs)	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	Monthly instalments in arrears paid to the Responsible Entity from the date that the Melbourne Street Project and Future Projects of the Trust are acquired by the Trust
Additional service fees		
<i>Switching fee:</i> This is the fee for when you switch between investment options. <i>You may also incur a buy-sell spread when switching between investment options</i>	Nil	Not applicable
<i>Adviser service fee:</i> This is the fee for extra advice from your adviser about your investment. (An adviser may also be paid other amounts as commission out of one or more of the fees listed above)	Nil	Not applicable

* Calculation of acquisition costs includes the purchase price plus acquisition costs of 5.5% of the purchase price.

9.2 Important additional information

An example of the annual fees and costs of operating the Trust per annum for the Melbourne Street Project is set out below.

Fees	Amount	How and when paid
Assuming an investment of \$1 million in the Fund (being \$500,000 in the Trust)	\$8,283*	Deducted from Trust assets and not paid from an Equity Investor's investment

* This excludes the establishment fees as disclosed in Section 9.1.

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 or negligence or resignation.

Custodian fee

The Custodian will be entitled to be paid an annual fee of \$8,000 (GST exclusive) in addition to other fees for services provided. Further information regarding the Custody Agreement between the Custodian and the Responsible Entity is set out in Section 10.5.

9.3 Other fees and charges

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 Equity Investors; or
- (b) on termination of the Asset Manager; or
- (c) on the execution of a 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%.

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 or negligence or resignation.

Commissions paid to advisers

The Fund Managers may pay brokerage or commission to those who are engaged to promote the Fund. The Fund Managers will pay commission only to persons who either hold an AFSL or are otherwise permitted by law to receive such payments. An adviser who receives commission from the Fund Managers will be obliged to disclose this amount to an investor prior to an investor making an investment in the Fund.

Section 10 Material Agreements

10.1 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 Equity 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.

10.2 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 listing on BSX. 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 will be 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 will be 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 will be 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 will have 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 shall be 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 will be identical to the Shareholders in the Company and that a Unit and a Share that are stapled together will be 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 Equity 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.

10.3 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

The Approved Stock Exchange and 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 bids

The Company may prohibit registration of transfers purporting to accept partial takeover bids 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 intended to be stapled to Units in the Trust in the ratio of one Share to one Unit. The intention is that the Shareholders in the Company will be identical to the Unitholders in the Trust and that a Share and a Unit that are stapled together will be 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.

10.4 Stapling and Asset Management 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 Equity 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 Equity 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 Equity 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 Equity 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) 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;
- (b) 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;
- (c) an official manager, voluntary administrator, liquidator or provisional liquidator is appointed for all or any part of its assets or undertaking;
- (d) 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
- (e) 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 Equity Investors, no later than every five years from the date of the first allotment of Stapled Securities in the Fund, to give Equity Investors the opportunity to vote on a special resolution to terminate the Fund. A special resolution requires 75% of votes of Equity 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.

10.5 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.

10.6 Melbourne Street – put and call option deed

On 8 November 2004, Leyshon Developments Pty Ltd and the Custodian for Leyshon Property Trust No. 3 entered into a put and call option deed for the purchase and sale of Melbourne Street for \$24.5 million.

In accordance with the terms and conditions of the deed, the Custodian, as instructed by the Responsible Entity, may call upon Leyshon Developments Pty Ltd to sell Melbourne Street and Leyshon Developments Pty Ltd may require the Custodian of Leyshon Property Trust No. 3 to purchase Melbourne Street.

The call option may be exercised between 8 November 2004 to 20 December 2004 and the put option may be exercised by Leyshon Developments Pty Ltd from 5.00pm on 20 December 2004 to 5.00pm on 21 December 2004.

The put and call option may not be exercised unless the minimum subscription of \$25 million is raised by 20 December 2004. If this condition is not satisfied, then either the Custodian or Leyshon Developments Pty Ltd may terminate the deed of put and call option by notice in writing to the other and no party will have any further rights or entitlements under the deed unless otherwise agreed by both parties.

The Custodian enters into the deed of put and call option only in its capacity as agent of Leyshon Corporation Limited as Responsible Entity of Leyshon Property Trust No. 3.

At acquisition, Leyshon Developments Pty Ltd will guarantee that the Trust will receive rental income at least equal to \$330 per m² on any vacant commercial space, \$450 per m² for any vacant retail space and \$220 per month for any vacant car parks with 4% annual escalations on all income. The rent guarantee will cover any vacancies that exist on the acquisition date and will expire once leases commence on terms at least as favourable as above or four years after the date of settlement of the acquisition of the building, whichever is the earlier.

10.7 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 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 Development Agreement, Leyshon Properties Pty Ltd will grant a registered mortgage over London Woolstore and a fixed and floating charge over the assets of Leyshon Properties Pty Ltd, both of which will rank behind security of the project's financier.

The Project's financier will also require a deed of priority to be executed by Leyshon Developments No. 3 which will stipulate the order of repayment of Leyshon Properties Pty Ltd's loans. The repayment of the Project's financiers loan will have priority over the repayment of Leyshon Development's loan.

Under the 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 will arrange the finance for the London Woolstore Project and enter into all contracts and arrangements in its own right and be responsible for payments to be made under those contracts and arrangements. The payments made under the contracts and arrangements that Leyshon Properties Pty Ltd enters into in its own right will form 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 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 Development Agreement or failed to comply with any other provision of the 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 will be 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 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.

10.8 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 Equity 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 or an Approved Stock Exchange.

Optional Participation – may be varied from time to time

Participation in the Plan will be voluntary. If an Equity Investor does not participate in the Plan, distributions will be paid in the usual manner. Equity 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 Equity 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.

10.9 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company and Trust 13 months after the date of this Offer Document:

- (a) Trust Deed for Leyshon Property Trust No. 3;
- (b) Constitution for Leyshon Developments No. 3;
- (c) the consents to the issue of this Offer Document;
- (d) Stapling and Asset Management Deed;
- (e) Custody Agreement;
- (f) Put and call option deed for Melbourne Street;
- (g) Development Agreement;
- (h) Distribution reinvestment plan.

Section 11 Additional Information

11.1 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 has been dormant since 14 May 2004.

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

11.2 Rights attaching to Stapled Securities

There is only one class of Stapled Securities. As at the date of this Offer Document, there are no 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 10.2 and 10.3 respectively.

11.3 Shareholding qualifications

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

11.4 BSX waivers

The Responsible Entity and Leyshon Developments No. 3 have had preliminary discussions with BSX about any waivers of the Listing Rules which may be required to attain listing of the Fund and quotation of the Stapled Securities on BSX. The granting of any waivers is at the absolute discretion of BSX and may be subject to conditions.

11.5 Litigation

Neither the Trust nor the Company are involved in any material legal or arbitration proceedings nor, so far as the Trust or the Company are aware, are any such material proceedings pending or threatened against the Trust or the Company.

11.6 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, in the form and context in which it is named.

Huntington Group Pty 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.

LandMark White (Brisbane) Pty Ltd has given, and has not withdrawn, its written consent to be named as the independent valuer in the form and context in which it is named and to the inclusion of its valuation reports in Section 6 in the form and context in which they are 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.

Leyshon Pty Ltd and its subsidiaries, has given, and has not withdrawn, its written consent to being named in this Offer Document in the form and context in which it is named.

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.

11.7 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.

11.8 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 \$125,000 (GST exclusive) in respect of these services.

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

The Public Trustee of Queensland is the Custodian of the Leyshon Property Trust No. 3 and will be paid an establishment fee of \$2,500 (GST exclusive).

Landmark White (Brisbane) Pty Ltd has prepared valuations and the valuation reports included in Section 6 and will be paid an amount of approximately \$40,000 (GST exclusive) in respect of its services.

11.9 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 and Geoff McMahon (who are respectively Chairman and Managing Director of Leyshon Pty Ltd) and entities associated with Neil Summerson, Michael O'Reilly and Bill Collins.

Geoff McMahon, Bob Bryan and Neil Summerson are directors and shareholders of Leyshon Developments Pty Ltd, the vendors of Melbourne Street and directors and shareholders of Leyshon, the provider of a corporate guarantee for the London Woolstore Project bank debt.

Sally Smith and Scott Bryan are directors of Leyshon Developments Pty Ltd, the vendors of Melbourne Street and directors of Leyshon, the provider of a corporate guarantee 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

It is anticipated that the directors of Leyshon Developments No. 3 and Leyshon Corporation Limited, or their associates will, following the completion of the Offer, have a beneficial interest in the following Stapled Securities:

Director	Stapled Securities
Bob Bryan	5,150,000*
Sally Smith	Nil
Scott Bryan	Nil
Kenneth Pickard	Nil
Geoff McMahon	5,150,000*
Michael O'Reilly	150,000
Neil Summerson	5,150,000*
Bill Collins	150,000

* This is the anticipated investment by Leyshon Operations Pty Ltd and Leyshon Corporation Limited.

Transactions with related parties

Leyshon Properties Pty Ltd will be entitled to a guaranteed return of \$300,000 at the completion of the London Woolstore Project.

Leyshon Developments Pty Ltd has entered into a put and call option deed to sell Melbourne Street to Leyshon Corporation Limited as trustee of the Trust for the amount of \$24.5 million. Leyshon Developments Pty Ltd is a wholly owned subsidiary of Leyshon Pty Ltd ACN 010 916 935.

Leyshon Corporation Limited, the Company and the Responsible Entity are parties to the Stapling and Asset Management Deed. Refer to Section 10.4 for a summary of this deed and the fees payable under this deed.

The Company and Leyshon Properties Pty Ltd as trustee for the London Woolstore Trust have entered into the Development Agreement and the directors of each of the parties to the Development Agreement are common. Refer to Section 10.7 for a summary of this agreement and the fees payable under this agreement.

Bill Collins and Michael O'Reilly are shareholders and directors of an entity which is to be paid a consultancy fee of approximately \$400,000 by Leyshon Developments Pty Ltd in relation to the Melbourne Street Project.

Ken Pickard is a shareholder and director of an entity which is to be paid a consultancy fee of approximately \$45,000 by the Trust and the Company in relation to this Offer.

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.

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 the Asset Manager, the Company or the Responsible Entity 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.

11.10 Expenses of the Offer

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

Expense	\$
BSX fees	18,000
ASIC fees	2,010
Legal fees	125,000
Share application processing fees	15,000
Printing costs	10,000
Consulting fees	320,000
Miscellaneous expenses	9,990
TOTAL	500,000

11.11 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.

11.12 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.

11.13 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, local or ethical considerations when making, retaining or realising an investment of the Company or the Trust.

11.14 Privacy

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

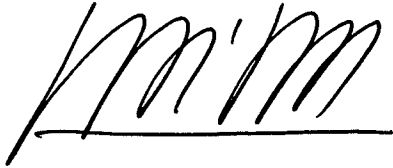
The Fund Managers collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake appropriate administration. Access to information may be disclosed by the Fund Managers to its agents and service providers on the basis that they deal 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.


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.



Geoff McMahon
Managing Director
Leyshon Corporation Limited
Responsible Entity of the Leyshon Property Trust No. 3
Dated 8 November 2004



William Gerard Collins
Director
Leyshon Developments No. 3 Limited
Dated 8 November 2004

Leyshon Property Fund No. 3 Application Form

To meet the requirements of the Corporations Act, this Application Form must not be provided to a person unless attached to the Offer Document.

1. Application Amount

I/We apply for _____ Stapled Securities of \$1 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 by **15 December 2004**.

2. Applicant Name(s)

Individual or Joint Accounts

Title	Given Name	Surname	DOB	/	/
Title	Given Name	Surname	DOB	/	/

Corporation, Trustee, Superannuation Fund or Other Entity

Name											
ACN/ABN (if applicable)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

3. Postal Address

Contact name											
Address											
Suburb/Town	State			Postcode			Country				
Daytime phone number ()	Facsimile number ()			E-Mail							
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	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A/C No	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Account Name											

5. Tax File Number (TFN) - see note 5 over page for potential exemption

TFN / Exemption No:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I do not wish to quote a TFN or a TFN Exemption Number <input type="checkbox"/> (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 Application Form you declare that:

- (a) you will be bound by the provisions of the Offer Document dated 8 November 2004;
- (b) 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**);
- (c) 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;
- (d) you have read the Offer Document dated 8 November 2004. 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;
- (e) you will forward **cleared funds** or a **bank cheque** as indicated on the instructions to this Application Form by **15 December 2004**.

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 Offer Document.

7. Applicant(s) Signature and Date

In the case of joint applications, all Applicants must sign.

DATED _____ 2004

Individuals

SIGNED by the Applicant(s) _____

Name(s) (printed) _____

Corporation

Executed by the body corporate (refer to the Instructions for Application Form for the methods) OR signed by duly authorised representatives(s) of the company [**attach evidence of authorisation**]

Director

Name (printed) _____

Director/Secretary _____

Name (printed) _____

--

Instructions for Application Form

Please read these instructions before completing the Application Form:

1. **Application Amount** - the Minimum Application amount is \$2,000.
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, 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 Application Form must be signed. Submission of the 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 Application Form and all accompanying documents to be received by **5.00pm on 15 December 2004** to:

Huntington Group Pty Limited - Leyshon Property Fund No. 3
PO Box 7009
Riverside
BRISBANE QLD 4001

or deliver them to:

Huntington Group Pty Limited - Leyshon Property Fund No. 3
Level 38
Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

or fax them to:

(07) 3303 2550 marked 'Attention Andrew Kemp'

Enquiries - Geoff McMahon (07) 3004 1200
10. **Application Money** - 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 by no later than **5.00pm on 15 December 2004**, details are as follows:

Account Name: Public Trustee of Queensland ACF Leyshon Property Fund No. 3
Bank: St George Bank
BSB: 334-040
Account No: 5522 98298

Leyshon Property Fund No. 3 Application Form

To meet the requirements of the Corporations Act, this Application Form must not be provided to a person unless attached to the Offer Document.

1. Application Amount

I/We apply for _____ Stapled Securities of \$1 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 by **15 December 2004**.

2. Applicant Name(s)

Individual or Joint Accounts

Title	Given Name	Surname	DOB	/	/
Title	Given Name	Surname	DOB	/	/

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	
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 <input type="checkbox"/> (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 Application Form you declare that:

- you will be bound by the provisions of the Offer Document dated 8 November 2004;
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- you will forward **cleared funds** or a **bank cheque** as indicated on the instructions to this Application Form by **15 December 2004**.

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 Offer Document.

7. Applicant(s) Signature and Date

In the case of joint applications, all Applicants must sign.

DATED _____ 2004

Individuals

SIGNED by the Applicant(s)

Name(s) (printed)

Corporation

Executed by the body corporate (refer to the Instructions for Application Form for the methods) OR signed by duly authorised representatives(s) of the company [**attach evidence of authorisation**]

Director

Name (printed)

Director/Secretary

Name (printed)

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Instructions for Application Form

Please read these instructions before completing the Application Form:

1. **Application Amount** - the Minimum Application amount is \$2,000.
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4. **Account Details** - you must complete these details to enable prompt payment of your distributions.
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 - 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
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PO Box 7009
Riverside
BRISBANE QLD 4001

or deliver them to:

Huntington Group Pty Limited - Leyshon Property Fund No. 3
Level 38
Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

or fax them to:

(07) 3303 2550 marked 'Attention Andrew Kemp'

Enquiries - Geoff McMahon (07) 3004 1200
10. **Application Money** - 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 by no later than **5.00pm on 15 December 2004**, details are as follows:

Account Name: Public Trustee of Queensland ACF Leyshon Property Fund No. 3
Bank: St George Bank
BSB: 334-040
Account No: 5522 98298