

LEYSHON PROPERTY FUND NO. 3  
DISTRIBUTION REINVESTMENT PLAN

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## **DISTRIBUTION RE-INVESTMENT PLAN - LEYSHON**

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### **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 the greater of an amount equal to the Net Asset Value of the Fund divided by all Stapled Securities on issue or \$1.00. For the purposes of the Plan 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.

# LEYSHON PROPERTY FUND NO. 3

## DISTRIBUTION REINVESTMENT PLAN RULES

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### 1. DEFINITIONS

#### 1.1 In these Rules, unless the context otherwise requires:

**'BSX'** means Bendigo Stock Exchange Limited ACN 087 708 898;

**'Business Day'** means a day other than a Saturday, Sunday, a public holiday or other holiday appointed pursuant to the *Holidays Act 1983 (Qld)* in Brisbane;

**'Constitution'** means the constitution of Leyshon Developments No. 3 as amended from time to time;

**'Directors'** means the directors for the time being of the Fund Managers;

**'Distributions'** means distributions of income or capital from the Fund, whether interim or final, payable to a Stapled Security Holder in respect of Stapled Securities;

**'Distribution Record Date'** means the date and time, as determined by the Directors, at which a person holds or is taken to hold Stapled Securities for the purpose of determining the entitlement to Distributions.

**'Eligible Stapled Security Holder'** has the meaning given in Rule 3.3;

**'Fund'** means Leyshon Developments No. 3 and Leyshon Property Trust No. 3;

**'Fund Managers'** means Leyshon Corporation Limited and Leyshon Developments No. 3 Limited;

**'Leyshon Corporation Limited'** means Leyshon Corporation Limited ACN 090 257 480;

**'Leyshon Developments No. 3'** means Leyshon Developments No. 3 Limited ACN 111 628 589;

**'Leyshon Property Trust No 3'** means Leyshon Property Trust No. 3 ARSN 109 093 816;

**'Liabilities'** means all present liabilities of the Fund including any provision which the Fund Managers decide should be taken into account in determining the liabilities of the Fund;

**'Market Value'** 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;

**'Minimum Participating Holding'** means a Stapled Security holding of the minimum number as specified by the Fund Managers from time to time;

**'Net Asset Value'** means the Market Value of all assets of the Fund less all Liabilities;

**'Notice of Election'** means a written notice, signed by a Stapled Security Holder, to apply for participation in the Plan, in a form approved by the Fund Managers from time to time;

**'Participant'** means a Stapled Security Holder participating in the Plan for the time being;

**'Participating Stapled Securities'** means those Stapled Securities in respect of which a Stapled Security Holder is participating in the Plan;

**'Plan'** means the Leyshon Property Fund No. 3 Distribution Reinvestment Plan to which, when it is activated, these Rules will apply, as varied from time to time;

**'Price Determination Date'** means 31 March, 30 June, 30 September and 31 December of each year;

**'Quarter'** means the period ending on 31 March, 30 June, 30 September and 31 December except where the dates stipulated in this definition fall on a day that is not a Business Day, the date will be the next Business Day;

**'Responsible Entity'** means the responsible entity for the time being of the Leyshon Property Trust No. 3;

**'Rules'** means these rules as varied from time to time;

**'Stapled Security'** means one share of Leyshon Development No. 3 and one Stapled Security of Leyshon Property Trust No. 3 which are stapled together and trade on BSX as one security;

**'Stapled Security Holder'** means the person registered as the holder of Stapled Securities;

**'Stapled Security Holder Registry'** means the place where the register of Stapled Security Holders is kept for the time being;

**'Tax'** includes without limitation all kinds of taxes, duties, levies, imposts, deductions and charges imposed by a government or governmental body, department, agency or instrumentality together with interest, fines and penalties;

**'Trust Deed'** means the trust deed dated on or about 8 November 2004 for the Leyshon Property Trust No. 3 and which governs the relationship between Unitholders and the Responsible Entity;

**'Unit'** means a unit in Leyshon Property Trust No. 3;

**'Unitholders'** means the holder of a Unit in Leyshon Property Trust No. 3; and

**'Variation/Termination Notice'** means the written notice used to vary or terminate a Stapled Security Holder's participation in the Plan, in a form approved by the Responsible Entity from time to time.

- 1.2 For the purposes of this Plan, any act (including, without limitation, the exercise of any power or discretion, the making of any decision or determination or the giving of any consent or approval) which is authorised by a resolution of the Directors deemed to have been passed in accordance with the Constitution and Trust Deed, will be deemed to be an act of the Directors and the resolutions so passed will be deemed to be a resolution of the Directors passed when the last of such resolutions is passed.

## 2. THE PLAN GENERALLY

- 2.1 Eligible Stapled Security Holders who elect to participate in the Plan will be issued additional Stapled Securities in substitution for Distributions payable in respect of Participating Stapled Securities.
- 2.2 Participation may be either full or partial.
- 2.3 Under full participation, the Plan will apply to all Stapled Securities held by the Stapled Security Holder from time to time and to all Distributions payable in respect of those Stapled Securities.
- 2.4 Under partial participation (and subject to the Minimum Participation Holding), the Plan will apply to:
- (a) the number of Stapled Securities nominated by the Participant in the Notice of Election or Variation / Termination Notice;
  - (b) all Stapled Securities issued to the Participant under the Plan; and
  - (c) all Distributions payable in respect of those Stapled Securities.

### 3. ELIGIBILITY TO PARTICIPATE

3.1 Participation is subject to these Rules.

3.2 Participation in the Plan by Eligible Stapled Security Holders:

- (a) is optional and voluntary;
- (b) is not transferable; and
- (c) may be varied or terminated at any time in accordance with Rules 15 and 16.

3.3 Subject to Rule 3.4, an Eligible Stapled Security Holder is a person whose address, at the relevant Distribution Record Date, was recorded in the Stapled Security Holder Registry as being in Australia.

3.4 The Directors are entitled to make a final determination as to whether or not any particular Stapled Security Holder is an Eligible Stapled Security Holder within the terms of these Rules and to change any such determination, as and when they see fit. In making this determination, the Directors may consider, among other things, whether participation would or may be impracticable, impossible or illegal and any actual or anticipated inconvenience or expense in allowing, or investigating the possibility of allowing, such participation.

### 4. APPLICATION TO PARTICIPATE

4.1 An application to participate in the Plan must be made on a Notice of Election.

4.2 The Notice of Election must indicate whether participation is full or partial participation. If an election is:

- (a) partial, the Stapled Security Holder must nominate the number of Participating Stapled Securities to be subject to the Plan; or
- (b) full, all new Stapled Securities acquired by the Participant from time to time will be deemed to be Participating Stapled Securities, unless the Participant elects otherwise.

4.3 Applications which:

- (a) do not indicate the degree of participation selected will be deemed to be applications for full participation; and
- (b) nominate a number of Stapled Securities equal to or greater than the number held by the applicant will be deemed to be an application for full participation.

4.4 Subject to Rule 3.3, each duly completed and signed Notice of Election is deemed to have been accepted upon receipt by the Fund Managers ('**Receipt Date**'). An Eligible Stapled Security Holder's participation in the Plan commences from the next Price Determination Date after the Receipt Date, other than a Distribution which is due for payment less than 10 Business Days after the Receipt Date.

4.5 Each Stapled Security Holder is responsible for obtaining any government or regulatory approval or consent necessary for that Stapled Security Holder to be eligible to participate in the Plan.

### 5. MINIMUM PARTICIPATING HOLDING

5.1 The Directors may, by notice to the Stapled Security Holders, set a limit on the number of Participating Stapled Securities per Participant from time to time.

5.2 Where a Notice of Election has specified a number of Participating Stapled Securities less than a prevailing Minimum Participating Holding (including an election of full participation where the number of Participating Stapled Securities would otherwise be less than that limit), then for so long as that limit applies:

- (a) the number of Participating Stapled Securities for that Participant for the purposes of these Rules is deemed to be zero; and

- (b) any Stapled Securities specified in the Notice of Election as Participating Stapled Securities less than that limit (including an election of full Participation where the number of Participating Stapled Securities would otherwise be less than that limit) are deemed not to be Participating Stapled Securities, and any Distribution payable in respect of them will be paid by the Responsible Entity in accordance with its usual arrangements for the payment of Distributions.

## 6. ISSUE OF STAPLED SECURITIES UNDER THE PLAN

- 6.1 Each Distribution which is payable in respect of Participating Stapled Securities (less any deductions from Distributions made in accordance with Rule 6.5) is applied on the due date of payment of the Distribution to subscribe for the maximum whole number of additional Stapled Securities that may be acquired at an issue price determined in accordance with this Rule 6 and Rule 8.1.
- 6.2 The price of the Stapled Securities to be issued under the Plan in respect of Distributions which are payable, is an amount equal to the Net Asset Value of the Fund divided by all the Stapled Securities on issue on the last day of a relevant Quarter.
- 6.3 The Fund Managers may increase or decrease the price of each Stapled Security issued pursuant to the Plan and in accordance with the Constitution and the Trust Deed at its discretion.
- 6.4 The price of Stapled Securities issued under the Plan may be rounded up or down to the nearest whole cent, as the Fund Managers may decide.
- 6.5 The Fund Managers will determine:
  - (a) a Participant's entitlements to Distributions in respect of their Participating Stapled Securities;
  - (b) any Tax or other amount which is to be withheld, deducted or retained from the Distributions;
  - (c) the number of Stapled Securities to be issued to Participants under the Plan priced in accordance with Rule 6.1; and
  - (d) any balance of the Distributions remaining.

## 7. BALANCES

- 7.1 Subject to Rule 7.3, where:
  - (a) there is an amount of Distribution payable in respect of Participating Stapled Securities which is not applied to subscribe for additional Stapled Securities ('**shortfall**'); and
  - (b) the shortfall is not enough to cover the price of one Stapled Security,  
the shortfall will be accumulated on behalf of the Participant and added to the next Distributions payable to the Participant which are to be applied to subscribe for additional Stapled Securities under the Plan.
- 7.2 Distributions which are accumulated and carried forward in accordance with Rule 7.1 will bear no interest nor carry an entitlement to be paid in cash.
- 7.3 If a Participant ceases to be a Stapled Security Holder, any Distribution which has been accumulated and carried forward pursuant to Rule 7.1 as at the date the Participant ceases to be a Stapled Security Holder will, unless the Directors determine otherwise, be paid to a charity designated by the Directors.

## 8. ISSUE OF STAPLED SECURITIES

- 8.1 Stapled Securities to be issued under the Plan must be issued within 45 days of the date of a relevant Distribution.
- 8.2 Subject to the Constitution and Trust Deed, Stapled Securities issued under the Plan rank equally in all respects with the existing issued Stapled Securities and will participate in all Distributions subsequently declared or paid.
- 8.3 Stapled Securities issued under the Plan will be registered on the Stapled Security Holder Registry.
- 8.4 Participants agree to be bound by the Constitution and Trust Deed in respect of the Stapled Securities issued to them under the Plan.

## 9. STATEMENTS

- 9.1 On, or as soon as practicable after the issue of Stapled Securities under the Plan, the Fund Managers must forward to each Participant a statement detailing:
  - (a) the number of the Participant's Participating Stapled Securities as at the date of issue and the price of those Stapled Securities;
  - (b) the Distribution payable to the Participant which was applied to subscribe for the Stapled Securities so issued;
  - (c) the number of Stapled Securities:
    - (i) held by the Participant on the Distribution Record Date; and
    - (ii) issued to the Participant in respect of the Distribution;
  - (d) the cash balance to be (if any) retained in the Participant's account after deduction of the amount payable on allocation of the additional Stapled Securities; and
  - (e) the amount of any franking or imputation credit attaching to the Distribution;
  - (f) any Tax or other amount which has been withheld, deducted or retained from the Distribution; and
  - (g) such other information as the Fund Managers may determine from time to time.

## 10. VARIATION OF PARTICIPATION

- 10.1 Any Participant may at any time vary the number of Stapled Securities held by the Participant that are to be subject to the Plan.
- 10.2 Variations to participation in the Plan must be made on the Variation Termination Notice, completed and signed by the Participant and given to the Fund Managers.
- 10.3 A variation will be effective in respect of all Distributions payable after receipt of the duly completed and signed Variation Termination Notice provided that any Variation Termination Notice received by the Fund Managers less than 10 Business Days before the due date for payment of a Distribution will not be effective in respect of that Distribution.

## 11. TERMINATION OF PARTICIPATION

- 11.1 Any Participant may at any time terminate participation in the Plan.
- 11.2 Termination of participation in the Plan must be made on the Variation Termination form approved by the Fund Managers from time to time, completed and signed by the Participant and given to the Fund Managers.



- 11.3 If a Participant dies:
- (a) participation by that Participant will be terminated upon receipt by the Fund Managers of notice of the death of the deceased Participant; and
  - (b) at the time of the Participant's death it held any Participating Stapled Securities jointly with any other person, that person's participation in the Plan will also be terminated on receipt of the death notice but only to the extent of those jointly held Participating Stapled Securities.
- 11.4 Termination will be effective in respect of all Distributions payable after receipt of the duly completed and signed Variation Termination form or death notice (as the case may be) provided that any Variation Termination form or death notice (as the case may be) received by the Fund Managers less than 10 Business Days before the due date for payment of a Distribution will not be effective in respect of that Distribution.
- 11.5 For the avoidance of doubt, a Stapled Security which ceases to be subject to the Plan is not precluded from subsequently becoming a Participating Stapled Security.
12. TRANSFERS OF PARTICIPATING STAPLED SECURITIES
- 12.1 Subject to Rule 12.2, whenever any Stapled Securities held by a Participant are transferred, those Stapled Securities will be taken to comprise:
- (a) first, Stapled Securities not participating in the Plan; and
  - (b) secondly, Stapled Securities participating in the Plan.
- 12.2 A Participant may at any time vary the order of transfer of Stapled Securities by notice in writing to the Fund Managers.
- 12.3 The variation will be effective in respect of all transfers of Stapled Securities to be registered after receipt of the written notice.
- 12.4 Upon the registration of a transfer of any Participating Stapled Security, the Stapled Security will cease to be a Participating Stapled Security for the purposes of these Rules and will cease to be subject to the Plan.
13. NOTICES
- 13.1 Any notice, form or other document to be given to a Stapled Security Holder under these terms may be given in the same manner that notices may be given to Stapled Security Holders under the Constitution and Trust Deed.
- 13.2 Any notice, form or other document to be given by a Stapled Security Holder to the Fund Managers under these terms is not valid until it is received by the Fund Managers at the Stapled Security Holder Registry for the time being or such other place as the Fund Managers may nominate from time to time for the service of notices under these terms.
14. ACTIVATION OF THE PLAN
- 14.1 Until the Directors specifically resolve to activate the Plan, the operation of the Plan is suspended.
15. AMENDMENTS
- 15.1 The Fund Managers may from time to time amend these terms by notice in writing to the Stapled Security Holders.
- 15.2 Any amendment to these Rules will take effect from the date of the notice or such other date as the Directors may determine.
- 15.3 For the avoidance of doubt, Participants will continue to participate in the Plan as it is amended from time to time, subject to them varying or terminating their participation in accordance with these Rules.

## 16. SUSPENSION AND TERMINATION OF THE PLAN OR THESE RULES

- 16.1 The Plan or these Rules may be suspended or terminated by the Fund Managers at any time by written notification to Stapled Security Holders.
- 16.2 The suspension or termination takes effect upon the date specified by the v and the suspension or termination does not give rise to any liability on the part of, or right or action against, the Directors or the Fund Managers or its officers, employees or agents.
- 16.3 If the Plan is suspended, an election as to participation in the Plan will also be suspended and all Stapled Securities are deemed to be non-Participating Stapled Securities for the purpose of any Distribution paid while the Plan is suspended. Upon reinstatement of the Plan, all prior elections are reinstated subject to any Variation Termination Form validly given by the Stapled Security Holder prior to the next Price Determination Date after the reinstatement of the Plan.

## 17. POWERS OF DIRECTORS

- 17.1 Subject to the Constitution and Trust Deed and these Rules, the Directors may implement and administer the Plan in such manner as they think fit.
- 17.2 Without limiting Rule 16.1 or the general powers of the Directors, the Directors may settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of the operation of the Plan, whether generally or in relation to any Participation or any Stapled Securities and the determination of the Directors will be conclusive and binding on all Participants.

## 18. LIABILITY

- 18.1 Neither the Fund Managers or any of the Directors will be liable or responsible for:
- (a) any direct or indirect loss suffered by a Participant due to any amendment to the terms of the Plan or any suspension or termination of the operation of the Plan effected in accordance with these terms; or
  - (b) any liability of a Participant in respect of any Tax arising due to or in connection with his or her participation in the Plan.

## 19. TRANSACTION COSTS

- 19.1 Subject to Rule 18.1 no brokerage, commission, stamp duty or other transaction costs will be payable by a Participant in respect of any issue of Stapled Securities under the Plan.
- 19.2 Where due to any change in the law, stamp duty becomes payable in respect of an issue of Stapled Securities to a Participant under the Plan, it will be payable by the Participant and the Fund Managers may in its discretion deduct the amount of the stamp duty from any Distributions payable to the Participant and apply the amount so deducted to pay the stamp duty.

## 20. GOVERNING LAW

- 20.1 These Rules are governed by and shall be construed in accordance with the laws in force in Queensland for the time being.