

NOTICE OF EXTRAORDINARY GENERAL MEETING

**Leyshon Property
Trust No. 3**
ARSN 109 093 816

**Leyshon Developments
No. 3 Limited**
ACN 111 628 589

**4 September 2006 at 10.00 am
Level 1, 295 Elizabeth Street, Brisbane**



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Letter from the Chairman

19 July 2006

Dear Investor

This Notice of Extraordinary General Meeting ('EGM') and Explanatory Memorandum relates to a meeting of Leyshon Property Trust No. 3 ('Trust') and Leyshon Developments No. 3 Limited ('Company') to be held on 4 September 2006.

1 TRANSACTIONS AND BENEFITS

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

These transactions include:

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

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

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

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

2 TRANSACTION DOCUMENTATION

In addition to this Notice of EGM and Explanatory Memorandum, you will also receive a Prospectus and Product Disclosure Statement and Bidder's Statement.

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

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

3 CONCLUSION

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

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

Yours faithfully



Neil Summerson

Chairman

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

Executive Summary

CAPITAL RAISING

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

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

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

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

The Corporations Act and the BSX Listing Rules require the following resolutions to be put to the investors of the Trust and the Company for approval at this EGM. The following is a summary of the resolutions.

Resolution 1A – Issue of Stapled Securities for the Capital Raising

This resolution seeks the approval of Stapled Security Holders to the proposed issue of 70 million Stapled Securities at \$1.06 per Stapled Security (with \$1.05 being allocated to the Units in the Trust and \$0.01 being allocated to Shares in the Company). Stapled Security Holders' approval is required as the proposed issue of Stapled Securities will exceed the maximum 15% of the Fund's total Stapled Securities that can be issued in any 12 month period without Stapled Security Holder approval. This approval is required under the BSX Listing Rules.

Resolution 1B – Issues to Related Parties (Capital Raising)

This resolution seeks the approval of Stapled Security Holders for the issue of Stapled Securities in the \$74.2 million Capital Raising to related parties of the Trust and/or the Company. The related parties are listed in section 1.3 of the attached Explanatory Memorandum. This approval is required under the BSX Listing Rules.

Resolution 1C – Approval to Issue Stapled Securities to Leyshon Operations Pty Ltd

This resolution seeks Stapled Security Holder approval for the issue of Stapled Securities to Leyshon Operations Pty Ltd equal to its entitlement in relation to the \$74.2 million Capital Raising. Leyshon Operations Pty Ltd presently holds greater than 20% of the Fund's Stapled Securities. This approval is required as the Corporations Act prohibits the acquiring of a 'relevant interest' in Stapled Securities if the person's voting power increases from a starting point which is above 20% and below 90%, unless the acquisition is approved by Stapled Security Holders at a general meeting. Corporate law requires that an independent expert's report is prepared on the fairness and reasonableness of this transaction. The Independent Expert's Report is included in Annexure 1 and concludes that the issue of Stapled Securities under the \$74.2 million Capital Raising to Leyshon Operations Pty Ltd is fair and reasonable to the non-associated Stapled Security Holders. As at the date of this Notice and subject to this resolution being approved, Leyshon Operations Pty Ltd intends to accept its full entitlement and invest approximately \$22 million in the Capital Raising.

Resolution 1D – Approval to Issue Stapled Securities to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)

This resolution seeks Stapled Security Holder approval for the issue of Stapled Securities to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) equal to its entitlement in relation to the \$74.2 million Capital Raising. Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) presently holds greater than 20% of the Fund's Stapled Securities. This approval is required as the Corporations Act prohibits the acquiring of a 'relevant interest' in Stapled Securities if the person's voting power increases from a starting point which is above 20% and below 90%, unless the acquisition is approved by Stapled Security Holders at a general meeting. Corporate law requires that an independent expert's report is prepared on the fairness and reasonableness of this transaction. The Independent Expert's Report is included in Annexure 1 and concludes that the issue of Stapled Securities under the \$74.2 million Capital Raising to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) is fair and reasonable to the non-associated Stapled Security Holders.

BLUE TOWER TRUST TAKEOVER BID

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

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

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

The Fund is offering 2.1846 Stapled Securities for every unit in Blue Tower Trust whereby the total value of the Stapled Securities issued for the Takeover of Blue Tower Trust will equate to the total value of the units in Blue Tower Trust.

The Takeover is subject to a number of conditions including:

- The Trust must have acquired at least 90% of the Blue Tower Trust units by the end of the Takeover Offer Period;
- Approval of Stapled Security Holders to Resolutions 2A, 2B, 2C, 3, 4 and 5A (refer below); and
- Other conditions as detailed in section 8.7 of the Bidder's Statement.

Benefits of the Blue Tower Trust Takeover bid include:

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

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

Summaries of the independent property valuations are included in the Prospectus and Product Disclosure Statement.

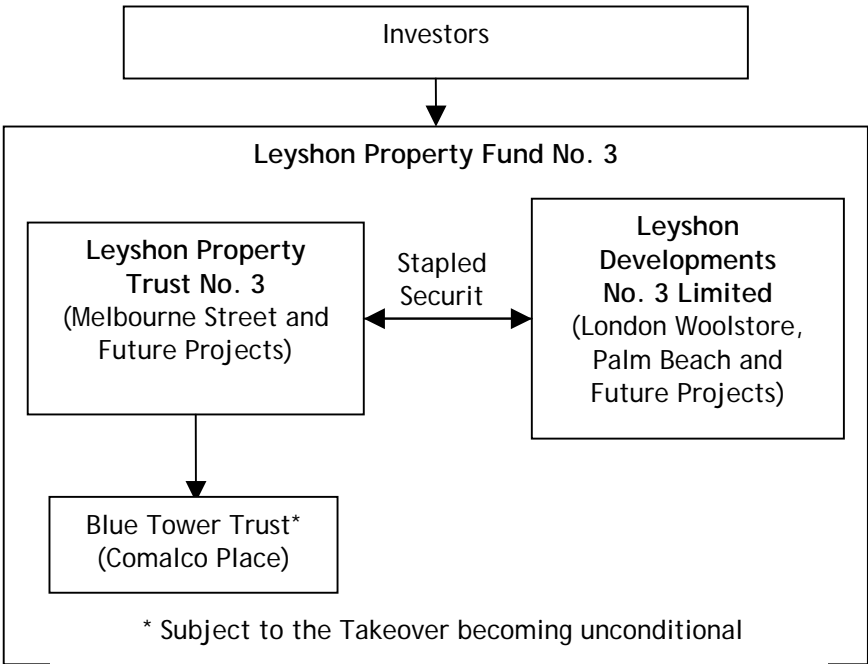
The Fund’s Takeover offer values the net assets of Blue Tower Trust at \$69.4 million, being \$2.3137 per unit. This reflects Comalco Place’s current independent property valuation of \$184 million. The net asset calculation assumes that a \$2 million return of capital is paid to Blue Tower Trust Unitholders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

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

The Independent Expert’s Report, included in Annexure 1, concludes that the Blue Tower Trust Takeover bid is fair and reasonable to both Blue Tower Trust Unitholders and Stapled Security Holders.

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

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



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

The approval of Stapled Security Holders is required on a number of resolutions in relation to the Blue Tower Trust Takeover bid. These resolutions are summarised below.

Resolution 2A – Approval of Takeover

The Approval of Stapled Security Holders is required in order to proceed with the Takeover.

The Board is not able to proceed with the Takeover Offer without this approval because each of the Directors has a material interest in the outcome of the Takeover.

The material interest arises because Leyshon Corporation Limited is the trustee of the Trust as the Bidder (in conjunction with the Company) and is also trustee of the target, Blue Tower Trust. Leyshon Corporation Limited is also the asset manager of the Fund and will earn an acquisition fee of 2% of the value of Comalco Place (current independent property valuation being \$184 million) upon the acquisition of Blue Tower Trust by the Trust.

The Directors also have a material interest in the Takeover by virtue of their respective interests in the asset managers of Blue Tower Trust which will earn asset management fees of approximately \$17.7 million payable by Blue Tower Trust in the event the Takeover becomes unconditional.

This resolution also seeks the approval of Stapled Security Holders for the Takeover bid as the Takeover would represent a 'significant change' in the scale of the Fund's activities. This approval is required under the BSX Listing Rules.

As the Trust will own all of the units acquired in Blue Tower Trust under the Takeover, the total consideration of \$1.0591 per Stapled Security will be allocated to the Units issued by the Trust with nil consideration allocated to the Shares issued by the Company. The approval of Stapled Security Holders is sought for this allocation.

Resolution 2B – Approval for Substantial Assets to be Acquired from Relevant Parties as part of the Takeover

This resolution seeks the approval of Stapled Security Holders for the Takeover as some of the unitholdings in Blue Tower Trust to be acquired under the Takeover are:

- considered to be 'substantial assets' as their value is greater than 5% of the Fund's total equity; and
- these substantial unitholdings are being acquired from related parties and major Stapled Security Holders (ie who hold 10% or greater of the Stapled Securities of the Fund).

These approvals are required by the BSX Listing Rules which also require an independent expert's report to be prepared on the fairness and reasonableness of the transaction. A copy of the Independent Expert's Report is included in Annexure 1 and concludes that the transaction is fair and reasonable to non-associated Stapled Security Holders.

Resolution 2C – Approval of Financial Assistance

As detailed in Resolution 2B above, the Shares issued by the Company as part of the consideration for the Takeover will have no price allocated to them. The issue of Shares for no price under the Takeover may constitute 'financial assistance' under the Corporations Act by the Company to Blue Tower Trust Unitholders to enable the acquisition of Shares in the Company. The Corporations Act requires the approval of Stapled Security Holders for this possible financial assistance.

Resolution 3 – Approval of the Modification to The Trust Deed

The Trust Deed of the Trust requires modification to document and record the Capital Raising and the Takeover as detailed above. The modifications are detailed in section 3.1 of the attached Explanatory Memorandum. The Corporations Act and the Trust Deed requires Unitholders' approval for these modifications.

Resolution 4 – Approval of Modification to the Constitution

The Constitution of the Company requires modification to document and record the Capital Raising and the Takeover as detailed above. The modifications are detailed in section 4.1 of the attached Explanatory Memorandum. The Corporations Act and the Constitution requires Shareholders' approval for these modifications.

Resolution 5A – Approval of The Modification to the Stapling and Asset Management Deed with respect to the Capital Raising and the Takeover

The Stapling and Asset Management Deed requires modification to document and record the Capital Raising and the Takeover as detailed above. The modifications are detailed in section 5.2 of the attached Explanatory Memorandum.

The approval of Stapled Security Holders is sought for the modification of the Stapling and Asset Management Agreement.

Resolution 5B – Approval of The Modification to the Stapling and Asset Management Agreement with respect to Frequency of Reporting

The frequency of reporting to Investors is proposed to be changed from quarterly to half yearly to bring the Fund's reporting procedures into line with normal practice for listed property funds. The modifications are detailed in section 5.3 of the attached Explanatory Memorandum.

The approval of Stapled Security Holders is sought to this change and to the consequential modification required to the Stapling and Asset Management Agreement.

CHANGE OF FUND NAME

Resolution 6 – Approval of Changes of Name

It is proposed to change the name of the Fund to 'Australian Property Growth Fund' with corresponding name changes to the Trust and the Company. These name changes reflect the vision in which the Fund Managers are seeking to position and grow the Fund. The Fund Managers intend to focus on building a quality portfolio of property investments that will produce long term capital growth and stable income streams. The Corporations Act and BSX Listing Rules require the name changes to be approved by Stapled Security Holders.

OTHER BUSINESS

Resolution 7 – Approval of the Election of a Director of the Company

Neil Summerson was appointed to the Board of the Company on 3 May 2006. The Constitution of the Company provides that Neil Summerson may hold the office of Director until the next Annual General Meeting of the Company. However, the Board wishes to take the opportunity for the Shareholders to approve his appointment at this EGM.

DIRECTORS' RECOMMENDATIONS

Each Director has approved the attached Explanatory Memorandum and all of the resolutions. All Directors intend to vote in favour of all resolutions, except to the extent to which they may be prohibited by law from doing so or because of other relevant voting exclusions.

ENTIRE DOCUMENT

The Notice of EGM, the Prospectus and Product Disclosure Statement and Bidder's Statement contain important information about the Fund. They provide detailed information about each resolution to be voted on at the EGM and include an Independent Expert's Report on the fairness and reasonableness of the proposed transactions as applicable. These documents should be read in their entirety. Please consult your professional advisers before making an investment decision.

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of the Trust and of the Company will be held at 10.00 am on 4 September 2006 at Level 1, 295 Elizabeth Street, Brisbane, Queensland.

The Explanatory Memorandum that accompanies this Notice of Meeting describes the various matters to be considered. Terms used in this Notice of Meeting have meanings allocated as set out in the Glossary of Terms in the Explanatory Memorandum.

AGENDA

Special business

To consider and, if thought fit, that the Stapled Security Holders pass the following resolutions:

1. RESOLUTION 1 – APPROVAL OF THE ISSUE OF STAPLED SECURITIES FOR THE CAPITAL RAISING

Resolution 1A – Issue of Stapled Securities

'That, by way of this ordinary resolution, the Stapled Security Holders approve:

- (i) the Entitlement Issue;*
- (ii) the Priority Issue;*
- (iii) the Public Issue; and*
- (iv) the Capital Raising Allocation,*

on the terms set out in the Offer Document, by Stapled Security Holders for all purposes including to satisfy Listing Rules 5.4(a) and 7.18.'

Resolution 1B – Issues to Related Parties (Capital Raising)

'That, by way of this special resolution and subject to the approval of Resolution 1A set out in this Notice of Meeting, the Stapled Security Holders approve:

- (i) the Capital Raising for the purposes of Listing Rule 7.9; and*
- (ii) specifically, that Stapled Securities under the Capital Raising, may be issued to any person who is a 'Related Party' for the purposes of Listing Rule 7.9.'*

Voting exclusion in relation to Resolution 1B

Listing Rule 7.11(e) requires the following voting exclusion in respect of Resolution 1B:

Any votes cast on this resolution by:

- (a) the Related Parties excluded from voting; and
- (b) any Associate of any Related Parties,

will be disregarded.

However, a vote need not be disregarded if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 1C – Approval to issue Stapled Securities to Leyshon Operations Pty Ltd

'That, by way of this ordinary resolution and subject to approval of Resolutions 1A, 1B and 1D the issue of Stapled Securities to Leyshon Operations Pty Ltd under the Capital Raising and the possible increase by Leyshon Operations Pty Ltd of its Relevant Interest and Voting Power in Stapled Securities equal to its entitlement under the Entitlement Issue be approved by Stapled Security Holders for the purposes of Item 7 of Section 611 of the Corporations Act.'

Voting exclusions in relation to Resolution 1C

In accordance with Item 7 of Section 611 of the Corporations Act, no votes may be cast on Resolution 1C by Leyshon Operations Pty Ltd and its Associates.

Resolution 1D – Approval to issue Stapled Securities to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)

'That, by way of this ordinary resolution and subject to approval of Resolutions 1A, 1B and 1C, the issue of Stapled Securities to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) under the Capital Raising and the possible increase by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) of its Relevant Interest and Voting Power in Stapled Securities equal to its entitlement under the Entitlement Issue be approved by Stapled Security Holders for the purposes of Item 7 of Section 611 of the Corporations Act.'

Voting exclusions in relation to Resolution 1D

In accordance with Item 7 of Section 611 of the Corporations Act, no votes may be cast on Resolution 1D by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) and its Associates.

2. RESOLUTION 2 – APPROVAL OF TAKEOVER

Resolution 2A – Approval of Takeover

'That, by way of this ordinary resolution, the Stapled Security Holders approve:

- (a) the Takeover;*
- (b) the Takeover Stapled Security Issue; and*
- (c) the Takeover Allocation,*

for all purposes, including to satisfy Listing Rule 7.18, and the Stapled Security Holders authorise the Trustee and the Company to proceed to take all steps necessary to implement and complete the Takeover.'

Resolution 2B – Approval for Substantial Assets to be acquired from Relevant Parties as part of Takeover

'That, by way of this ordinary resolution and subject to the approval of Resolution 2A set out in this Notice of Meeting, the Stapled Security Holders approve:

- (a) the Takeover for the purposes of Listing Rule 7.1; and*
- (b) specifically, that the Trustee (as a Bidder) may acquire those unitholdings in the Blue Tower Trust that are a Substantial Asset from any Blue Tower Trust Unitholder who is a Relevant Party for the purposes of Listing Rules 7.1 and 7.3.'*

Voting exclusion in relation to Resolution 2B

Listing Rule 7.8 requires the following voting exclusion in respect of this Resolution 2B:

Any votes cast on this resolution by:

- (a) the Relevant Parties excluded from voting; and

(b) any Associate of any Relevant Parties,
will be disregarded.

However, a vote need not be disregarded if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 2C – Approval of Financial Assistance

'That, by way of this special resolution and subject to the approval of Resolutions 2A and 2B set out in this Notice of Meeting, the Stapled Security Holders approve the Takeover Stapled Security Issue for all purposes including any aspect of the Takeover Stapled Security Issue that may constitute financial assistance by the Company for the purposes of Section 260A of the Corporations Act.'

Voting exclusion in relation to Resolution 2C

In accordance with Section 260B of the Corporations Act, no votes may be cast on Resolution 2C by a Stapled Security Holder who is:

- (a) also a Blue Tower Trust Unitholder; or
- (b) an Associate of a Blue Tower Trust Unitholder.

3. RESOLUTION 3 – APPROVAL OF THE MODIFICATION TO THE TRUST DEED

'That, by way of this special and extraordinary resolution and subject to the approval of Resolutions 2A, 2B and 2C set out in this Notice of Meeting, the Stapled Security Holders approve the modification of the Trust Deed for the Trust pursuant to and in the manner described in the accompanying Explanatory Memorandum, with such changes and additions (if any) as may be required by ASIC and/or BSX and that the Trustee as responsible entity of the Trust is authorised to prepare, enter into and lodge with ASIC and BSX a copy of the document amending the Trust Deed or an amended and consolidated Trust Deed, as the case may be.'

4. RESOLUTION 4 – APPROVAL OF THE MODIFICATION TO THE CONSTITUTION

'That, by way of this special resolution and subject to the approval of Resolution 3 set out in this Notice of Meeting, the Stapled Security Holders approve the modification of the Constitution pursuant to and in the manner described in the accompanying Explanatory Memorandum, with such changes and additions (if any) as may be required by ASIC and/or BSX and that a copy of the modified Constitution be lodged with ASIC and BSX.'

5. RESOLUTION 5 – APPROVAL OF THE MODIFICATION TO THE STAPLING AND ASSET MANAGEMENT DEED

Resolution 5A – Approval of the Modification to the Stapling and Asset Management Deed with respect to the Capital Raising and the Takeover

'That, by way of this ordinary resolution and subject to the approval of Resolutions 3 and 4, the Stapled Security Holders approve the amendment of the Stapling and Asset Management Deed dated 8 November 2004 as described in the accompanying Explanatory Memorandum, and with such changes and additions (if any) as may be required by ASIC and/or BSX and that the Company and the Trustee as the responsible entity of the Trust are authorised to prepare, enter into and lodge with ASIC and BSX, a copy of any deed of variation to formalise this amendment.'

Resolution 5B – Approval of the Modification to the Stapling and Asset Management Deed with respect to the Frequency of Reporting

'That, by way of this ordinary resolution, the Stapled Security Holders approve the amendment of the Stapling and Asset Management Deed dated 8 November 2004 as described in the accompanying Explanatory Memorandum, and with such changes and additions (if any) as may be required by ASIC and/or BSX and that the Company and the Trustee as the responsible entity of the Trust are authorised to prepare, enter into and lodge with ASIC and BSX, a copy of any deed of variation to formalise this amendment.'

6. RESOLUTION 6 – APPROVAL OF CHANGES OF NAME

'That, by way of this special resolution, the Stapled Security Holders approve the name changes in the following table which are to be effective on and from the date of registration of the change by ASIC:

Name to be changed	New name
<i>Leyshon Property Fund No. 3</i>	<i>Australian Property Growth Fund</i>
<i>Leyshon Property Trust No. 3</i>	<i>Australian Property Growth Trust</i>
<i>Leyshon Developments No. 3 Limited</i>	<i>Australian Property Growth Limited</i>

7. RESOLUTION 7 – APPROVAL OF THE ELECTION OF A DIRECTOR OF THE COMPANY

'That, by way of this ordinary resolution, the Shareholders approve Neil Edwin Summerson, who was appointed to the Board of the Company following the last annual general meeting of the Company, and being eligible, being re-elected as a Director of the Company in accordance with rule 14.2 of the Constitution.'

DATED this 19th day of July 2006

By Order of the Board of Leyshon Corporation Limited in its capacity as Trustee of the Trust



Christina Little
Company Secretary

DATED this 19th day of July 2006

By Order of the Board of Leyshon Developments No. 3 Limited



Christina Little
Company Secretary

NOTES

- (a) In accordance with Section 253E of the Corporations Act and clause 30.3 of the Trust Deed any Stapled Security Holder who is an Associate of the Trustee is not entitled to vote on Resolutions 2A, 2B, 3 or 5A if they have an interest in the resolution or matter, other than as Unitholder of the Trust. Any such Associates may vote as proxies if their appointments specify the way they are to vote and they vote that way (Section 253A(2)).
- (b) A Stapled Security Holder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (c) The proxy need not be a Stapled Security Holder. A Stapled Security Holder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (d) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (e) A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Trustee and Company will require written proof of the representative's appointment which must be lodged with or presented to the Trustee and Company before the meeting.
- (f) The Trustee and Company have determined in accordance with Regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, Stapled Securities will be taken to be held by those persons recorded in the Trust's and the Company's register of holders as at 10.00 am on Saturday 2 September 2006.
- (g) If you have any queries on how to cast your votes please call Christina Little on (07) 3004 1250 during business hours.

EXPLANATORY MEMORANDUM

Leyshon Property Trust No. 3
ARSN 109 093 816

Leyshon Developments No. 3 Limited
ACN 111 628 589

General

Copies of the Trust Deed and the Stapling and Asset Management Deed are available at www.bsx.com.au or can be obtained free of charge by calling the office of the Fund on (07) 3004 1250.

All financial amounts in this document are expressed in Australian dollars unless otherwise stated.

Terms and definitions used in the Notice of Extraordinary General Meeting and in this Explanatory Memorandum have the same meaning as in the following Glossary of Terms (unless otherwise indicated).

All Stapled Security Holders should read this Explanatory Memorandum in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to all Stapled Security Holders of the Fund.

GLOSSARY OF TERMS

<i>Annexure</i>	an Annexure to this Explanatory Memorandum
<i>ASIC</i>	Australian Securities and Investments Commission
<i>Associate</i>	has the meaning given in the Corporations Act
<i>Bidder</i>	the Trustee (in its capacity as responsible entity of the Trust) and the Company
<i>Bidder's Statement</i>	the bidder's statement given by the Bidder in respect of the Takeover, a copy of which is annexed as Annexure 3
<i>Blue Tower Trust</i>	Blue Tower Trust ARSN 109 093 852
<i>Blue Tower Trust Unitholders</i>	unitholders of Blue Tower Trust
<i>Board</i>	the board of Directors of the Trustee and/or the Company as the context requires
<i>BSX</i>	Bendigo Stock Exchange Limited ACN 087 708 898
<i>Business Day</i>	a day on which BSX is open for the transaction of business
<i>Capital Raising</i>	the Entitlement Issue, the Priority Issue and the Public Issue as described in the Offer Document
<i>Capital Raising Allocation</i>	<p>means the allocation of the \$1.06 issue price of a Stapled Security issued under the Capital Raising as follows:</p> <ul style="list-style-type: none">(a) Units in the Trust issued under the Capital Raising will be issued for \$1.05 each; and(b) Shares in the Company issued under the Capital Raising will be issued for \$0.01 each
<i>Comalco Place</i>	the property asset of Blue Tower Trust, being the land and improvements at 12 Creek Street, Brisbane
<i>Company</i>	Leyshon Developments No. 3 Limited ACN 111 628 589
<i>Constitution</i>	the constitution of the Company
<i>Corporations Act</i>	the Corporations Act 2001 (Cth) including the Corporations Regulations 2001
<i>Director</i>	a director of the Trustee and/or the Company, as the context requires
<i>Entitlement Issue</i>	the 'two for one' issue of 70 million Stapled Securities at an issue price of \$1.06 per Stapled Security pursuant to the Offer Document to Original Investors
<i>Explanatory Memorandum</i>	this explanatory memorandum
<i>Extraordinary General Meeting</i>	the meeting of Stapled Security Holders to be held on 4 September 2006 convened by the Notice of Meeting to which this Explanatory Memorandum relates

<i>Fund</i>	the Trust and the Company
<i>Fund Managers</i>	the Trustee and the Company
<i>Independent Expert</i>	Ernst & Young Transaction Advisory Services Limited ACN 003 599 844
<i>Independent Expert's Report</i>	the report of the Independent Expert included in Annexure 1
<i>Listing Rules</i>	the listing rules of BSX
<i>Merged Fund</i>	the Fund following the acquisition of Blue Tower Trust under the Takeover
<i>Non-Accepting Blue Tower Trust Unitholders</i>	Blue Tower Trust Unitholders, if any, who do not accept the Takeover Offer made to them during the Takeover Offer Acceptance Period
<i>Notice of Meeting</i>	the notice convening the Extraordinary General Meeting to which this Explanatory Memorandum relates
<i>Offer</i>	the offer of Stapled Securities under the Offer Document
<i>Offer Document</i>	the Prospectus and Product Disclosure Document issued by the Company and the Trustee and lodged with ASIC on or about 19 July 2006, a copy of which is annexed as Annexure 2
<i>Original Investors</i>	all of the holders of Stapled Securities on the record date for the Entitlement Issue
<i>Priority Issue</i>	the priority issue of Shortfall Stapled Securities to Blue Tower Trust Unitholders
<i>Public Issue</i>	the issue of Shortfall Stapled Securities to the public
<i>Related Parties</i>	has the meaning given to that term in the Listing Rules
<i>Relevant Interest</i>	has the meaning given to that term in the Corporations Act
<i>Relevant Party</i>	a person identified as a 'Relevant Party' in Table 2.2
<i>Share</i>	an ordinary share in the Company
<i>Shareholders</i>	holders of Shares in the Company
<i>Shortfall Stapled Securities</i>	Stapled Securities that are not taken up by Original Investors under the Entitlement Issue
<i>Stapled Security</i>	one Share and one Unit which are stapled together, registered in the name of one person or entity and which trade together on BSX as one security
<i>Stapled Security Holders</i>	holders of Stapled Securities
<i>Stapling and Asset Management Deed</i>	the Stapling and Asset Management Deed between the Company, the Trustee and Leyshon Corporation Limited ACN 090 257 480 to manage the projects of the Fund and the stapling of the Shares and the Units, including any variations to that Deed that may be made from time to time
<i>Substantial Asset</i>	has the meaning in the Listing Rules and is summarised in section 2.6 of this Explanatory Memorandum

<i>Takeover</i>	at least 90% of the units of the Blue Tower Trust having been transferred to the Trust (or its nominated custodian) by way of an off-market takeover in accordance with the Bidder's Statement
<i>Takeover Acceptance</i>	acceptances of the Takeover Offer sufficient to enable the Takeover
<i>Takeover Actions</i>	the Takeover Stapled Security Issue and the Takeover
<i>Takeover Allocation</i>	means the allocation of the \$1.0591 price of a Stapled Security issued for the Takeover Stapled Security Issue as follows: <ul style="list-style-type: none"> (a) Units issued for the Takeover Stapled Security Issue will be issued for \$1.0591 each; and (b) Shares issued for the Takeover Stapled Security Issue will be issued for no price i.e. \$0
<i>Takeover Offer</i>	The Bidder's offer to acquire the units of Blue Tower Trust set out in the Bidder's Statement and described in section 2.1
<i>Takeover Offer Acceptance Period</i>	the period during which Blue Tower Trust Unitholders can accept the Takeover Offer
<i>Takeover Share Issue</i>	means the issue of Shares pursuant to the Takeover
<i>Takeover Stapled Security Issue</i>	means the issue of Stapled Securities for the Takeover comprised of the: <ul style="list-style-type: none"> (a) Takeover Unit Issue; and the (b) Takeover Share Issue
<i>Takeover Unit Issue</i>	the issue of Units pursuant to the Takeover
<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 Trustee, including variations to the deed made from time to time
<i>Trustee</i>	Leyshon Corporation Limited ACN 090 257 480, in its capacity as trustee of the Trust
<i>Unit</i>	a unit in the Trust
<i>Unitholders</i>	holders of Units in the Trust
<i>Voting Power</i>	has the meaning given in the Corporations Act

Special business

1. APPROVAL OF THE ISSUE OF STAPLED SECURITIES FOR THE CAPITAL RAISING

1.1 Background

The Trust and Company have issued the Offer Document which seeks to raise a maximum of \$74.2 million by way of a Capital Raising centred on a two for one Entitlement Issue to Original Investors. The Offer in respect of the Entitlement Issue opens on 3 August 2006 and closes on 5 September 2006.

Stapled Securities will be issued at \$1.06 per Stapled Security, comprising \$1.05 per Unit and \$0.01 per Share (i.e. the Capital Raising Allocation).

The Directors consider that the Capital Raising Allocation reflects the Fund Managers' focus on building a quality portfolio of property investments that will produce long term capital growth and stable rental income streams.

The Capital Raising Allocation requires modification to the Trust Deed, the Constitution and the Stapling and Asset Management Deed, the approval of which is sought in Resolutions 3, 4 and 5.

Stapled Securities offered under the Offer Document which are not taken up by Original Investors (the 'Shortfall') will be offered to Blue Tower Trust Unitholders as part of a Priority Issue. The Offer in respect of the Priority Issue opens on 3 August 2006 and closes on 8 September 2006.

Any further Stapled Securities remaining will be offered to the public under the Public Issue which will close no later than 18 August 2007.

To enable maximum flexibility for the Fund and still enable Original Investors to participate on a pro-rata basis, the Capital Raising is not technically a 'rights issue' under the Corporations Act or the Listing Rules but has the same benefits. Accordingly, to proceed with the Capital Raising, the Fund must obtain approval of Stapled Security Holders for the reasons set out below.

1.2 Resolution 1A

Listing Rule 5 in general terms prohibits the Fund from issuing, or agreeing to issue, Stapled Securities which are more than 15% of the Fund's Stapled Securities in any 12 month period without Stapled Security Holder approval by way of ordinary resolution (subject to certain qualifications and exceptions).

As the proposed issue of the Stapled Securities will exceed this 15% limit, the Fund is not able to issue the new Stapled Securities without the approval of Stapled Security Holders and is accordingly seeking approval of the Stapled Security Holders in the terms of Resolution 1A for the issue of new Stapled Securities.

1.3 Resolution 1B

Listing Rule 7.9 provides that the Fund must not issue Stapled Securities to a Related Party without first obtaining approval by special resolution from the Stapled Security Holders. In this context, Related Party means any Stapled Security Holder who is a related party of either or both the Trustee or the Company.

Furthermore, Listing Rule 7.11 requires that the additional information in Table 1.1 be given with respect to the issue of Stapled Securities to Related Parties.

Table 1.1 – Related Party Information

Stapled Security Holder who is a Related Party	Stapled Securities that may be issued under the Entitlement Issue by 5 September 2006
Leyshon Operations Pty Ltd (ACN 074 603 580)	21,158,000*
O'Reilly Enterprises Pty Ltd (ACN 088 745 680) as trustee for O'Reilly Family Trust	72,000
WG Collins Pty Ltd (ACN 010 434 732) as trustee for the WG Collins Discretionary Trust	72,000
KE Bryan Pty Ltd (ACN 088 744 058) as trustee for KE Bryan Trust	200,000
G & M Rees Investments Pty Ltd (ACN 108 528 123) as trustee for G & M Rees Investment Trust	28,000
Leyshon Pty Ltd (ACN 010 916 935)	4,000
Nathan Valley Pty Ltd (ACN 010 975 372)	4,000
Premier Self Storage Pty Ltd (ACN 056 353 729)	4,000
Alvesta Pty Ltd (ACN 011 055 342)	4,000
Leyshon Equities Pty Ltd (ACN 050 399 310)	4,000
Leyshon Finance Pty Ltd (ACN 074 603 615)	4,000
Leyshon Trading Pty Ltd (ACN 011 053 893)	4,000
Leyshon Developments Pty Ltd (ACN 050 399 276)	4,000
Leyshon Properties Pty Ltd (ACN 050 412 836)	4,000
Leyshon Capital Pty Ltd (ACN 090 168 059)	4,000
Leyshon Investments (Australia) Pty Ltd (ACN 074 314 935)	4,000
Glendower Investments Pty Ltd (ACN 009 941 691)	4,000
Glendower Properties Pty Ltd (ACN 010 395 347)	4,000
Jennifer Summerson	4,000
Neil Summerson	4,000
Glendower Investments Pty Ltd (ACN 009 941 691) as trustee for Glendower Super Fund	8,000

* Due to timing considerations and other factors Leyshon Operations Pty Ltd may not take up their full entitlement under the Entitlement Issue prior to the closing of the Entitlement Issue on 5 September 2006, and may decide to apply for Stapled Securities at a later time under the Public Issue. In these circumstances, the Fund will not consider any application for Stapled Securities from Leyshon Operations Pty Ltd if accepting the application would cause them to be allotted Stapled Securities greater than their entitlement.

Listing Rule 7.11(e) requires that any votes cast on this Resolution 1B by the Related Parties identified in Table 1.1 and their Associates must be disregarded.

1.4 Resolutions 1C and 1D

Two Stapled Security Holders, namely Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) presently each hold greater than 20% of the Stapled Securities of the Fund.

Under Section 606(1) of the Corporations Act, a person is prohibited from acquiring a Relevant Interest in Stapled Securities if:

- (a) the person acquiring the Relevant Interest does so through a transaction in relation to Stapled Securities entered into by or on behalf of the person; and
- (b) because of the transaction, that person's Voting Power, or someone else's Voting Power, in the Fund increases:
 - (i) from 20% or below to more than 20%; or
 - (ii) from a starting point that is above 20% and below 90%.

Furthermore, under section 606(2) of the Corporations Act, a person is prohibited from acquiring a legal or equitable interest in Stapled Securities, if because of the acquisition:

- (a) another person acquires a Relevant Interest in Stapled Securities; and
- (b) someone's Voting Power in the Fund increases:
 - (i) from 20% or below to more than 20%; or
 - (ii) from a starting point that is above 20% and below 90%.

Section 608 of the Corporations Act describes certain persons who are deemed to have a Relevant Interest in securities of a body corporate. Associates are persons or entities who come within the scope of Section 608 of the Corporations Act as being deemed to have a Relevant Interest in the Stapled Securities upon their issue and allotment pursuant to the Entitlement Issue.

The issue of Stapled Securities under the Capital Raising will constitute the acquisition by Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) and their respective Associates of a Relevant Interest in Stapled Securities in breach of Section 606(1) of the Corporations Act unless the issue is approved by Stapled Security Holders.

Table 1.2 shows the maximum possible Voting Power that may occur under the Entitlement Issue for these two Original Investors and their respective Associates. It assumes two **theoretical and highly unlikely** scenarios:

- (a) scenario one: Leyshon Operations Pty Ltd is the **only** Original Investor who takes up the Entitlement Issue; and
- (b) scenario two: Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) is the **only** Original Investor who takes up the Entitlement Issue.

These two scenarios illustrate the maximum impact of the Entitlement Issue on the Voting Power of Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust).

The position of all other Original Investors has been analysed and there is no possible scenario whereby any other Original Investors can hold a maximum Voting Power of 20% or more as a result of the Entitlement Issue.

The anticipated and probable scenario is where there are Original Investors other than Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) who take up the Entitlement Issue. In this event, the maximum Voting Power will be less than that shown in Table 1.2.

Table 1.2 – Item 7 of Section 611 Approval of Entitlement Issue

Original Investor	Voting Power as at date of this Notice	Maximum Voting Power under Entitlement Issue	Associate's Total Maximum Voting Power (See Table 1.3)	Total Maximum Voting Power
Scenario 1: Leyshon Operations Pty Ltd is the <i>only</i> Original Investor who takes up Entitlement Issue.	30.23%	56.42%	0.07%	56.49%
Scenario 2: Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) is the <i>only</i> Original Investor who takes up Entitlement Issue.	22.86%	47.06%	Nil	47.06%

Table 1.3 – Associates of Leyshon Operations Pty Ltd from Table 1.2

Unitholder	Associate's Voting Power before Entitlement Issue to Leyshon Operations Pty Ltd	Maximum extent of increase of Associate's voting power that results from the Entitlement Issue to Leyshon Operations Pty Ltd	Associate's Voting Power after the Entitlement Issue to Leyshon Operations Pty Ltd
Leyshon Pty Ltd	0.006%	Nil	0.006%
Nathan Valley Pty Ltd	0.006%	Nil	0.006%
Leyshon Properties Pty Ltd	0.006%	Nil	0.006%
Leyshon Trading Pty Ltd	0.006%	Nil	0.006%
Premier Self Storage Pty Ltd	0.006%	Nil	0.006%
Leyshon Equities Pty Ltd	0.006%	Nil	0.006%
Leyshon Developments Pty Ltd	0.006%	Nil	0.006%
Leyshon Capital Pty Ltd	0.006%	Nil	0.006%
Leyshon Finance Pty Ltd	0.006%	Nil	0.006%
Leyshon Investments (Australia) Pty Ltd	0.006%	Nil	0.006%
Alvesta Pty Ltd	0.006%	Nil	0.006%
Total	0.07%	Nil	0.07%

Due to timing considerations and other factors, Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) may not take up their full entitlements under the Entitlement Issue, and may decide to apply for Stapled Securities at a later time under the Public Issue.

In these circumstances, the Fund will not consider any application for Stapled Securities from Leyshon Operations Pty Ltd or Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) if accepting the application would cause them to either:

- (a) exceed their respective total maximum Voting Power shown in Table 1.2; or
- (b) be allotted Stapled Securities greater than their entitlement under the Capital Raising.

1.5 Exemption

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibitions in Section 606(1) of the Corporations Act, namely where the Stapled Security Holders at a general meeting approve the acquisition of the Relevant Interest in Stapled Securities. If Resolutions 1C and 1D are passed, then this exception will apply.

Resolutions 1C and 1D are accordingly proposed to Stapled Security Holders.

1.6 Information required by Law

The Corporations Act and ASIC Policy Statement 74 require certain information to be provided to Stapled Security Holders when seeking approval under Item 7 of Section 611 of the Corporations Act. This information is set out below.

Identity of Original Investor proposing to acquire the Relevant Interest and their Associates that acquire a Relevant Interest.

The Original Investors and their Associates are shown in Tables 1.2 and 1.3.

Impact upon Voting Power

Table 1.2 shows the maximum extent of the increase in Voting Power that could result under the Entitlement Issue for these two Original Investors and their respective Associates.

Statement of Original Investors' intentions regarding future of Fund

Leyshon Operations Pty Ltd has the following intentions regarding the future of the Fund:

- (a) with respect to any intention to change the business of the Fund:
 - Nil, other than to vote in favour of the proposed Takeover
- (b) with respect to any intention to inject further capital into the Fund:
 - Nil, other than with respect to the Capital Raising and other than for a present intention to maintain a percentage holding of Stapled Securities in the Fund at or about that level on any future pro rata capital raisings by the Fund
- (c) with respect to any proposals for 'related party' transfers of property:
 - Nil
- (d) with respect to the future employment of the present employees of the Fund:
 - Not applicable, as the Fund has no employees
- (e) with respect to any intentions or otherwise regarding the fixed assets of the Fund:
 - Nil
- (f) with respect to any intention to change significantly the financial or dividend policy of the Fund:
 - Nil
- (g) with respect to any intention for any person to become a Director of the Company or the Trustee:
 - Nil

Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) has the following intentions regarding the future of the Fund:

- (a) with respect to any intention to change the business of the Fund:
 - Nil
- (b) with respect to any intention to inject further capital into the Fund:
 - Nil
- (c) with respect to any proposals for 'related party' transfers of property:
 - Nil
- (d) with respect to the future employment of the present employees of the Fund:
 - Not applicable, as the Fund has no employees
- (e) with respect to any intentions or otherwise regarding the fixed assets of the Fund:
 - Nil
- (f) with respect to any intention to change significantly the financial or dividend policy of the Fund:
 - Nil
- (g) with respect to any intention for any person to become a Director of the Company or the Trustee:
 - Nil

Particulars of terms of proposed allotment and any other contracts conditional upon approval

The terms of the Entitlement Issue are summarised in section 1.1 and more details are set out in the Offer Document.

When allotment is to be made

The timing of the Entitlement Issue is dealt with in section 1.1 and more details are set out in the Offer Document.

Explanation of reasons for the proposed allotment

The reason for the Entitlement Issue is described in section 1.1 and is more fully particularised in the Offer Document.

1.7 Independent Expert's Report

ASIC Policy Statement 74 requires there to be an independent expert's report on whether or not the issue of Stapled Securities to Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) and their respective Associates as part of the Capital Raising is fair and reasonable to the non-associated Stapled Security Holders.

The Independent Expert's Report has been prepared by the Independent Expert and a copy is included in Annexure 1. That report concludes that the issue of Stapled Securities to Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) and their respective Associates as part of the Capital Raising is fair and reasonable to the non-associated Stapled Security Holders. Stapled Security Holders should read the Independent Expert's Report in full.

1.8 The Proposed Resolutions

Resolutions 1A, 1B, 1C and 1D are set out in the Notice of Meeting.

1.9 Directors' Recommendations

This section has been prepared by the Directors to comment on Resolutions 1A, 1B, 1C and 1D and the effect of their passing.

Each Director approves this Explanatory Memorandum and the proposal to put Resolutions 1A, 1B, 1C and 1D to Stapled Security Holders, and no Director voted against so doing. Each Director considers that for the reasons explained in this Explanatory Memorandum, the issue of Stapled Securities under the Capital Raising is in the best interest of the Fund and recommends the Stapled Security Holders vote in favour of Resolutions 1A, 1B, 1C and 1D.

Stapled Security Holders attention is specifically drawn to the Independent Expert's Report which concludes that the proposal that Stapled Securities be issued as part of the Capital Raising to Leyshon Operations Pty Ltd and Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) and their respective Associates is fair and reasonable to the non-associated Stapled Security Holders of the Fund.

Stapled Security Holders should also note that all Directors intend to vote in favour of Resolutions 1A, 1B, 1C and 1D in relation to Stapled Securities over which they control Voting Power, except to the extent which they may be prohibited in so doing by reason of voting exclusions.

In accordance with Item 7 of Section 611 of the Corporations Act, no votes may be cast on:

- (a) Resolution 1C by Leyshon Operations Pty Ltd or any of its Associates; and
- (b) Resolution 1D by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) or any of its Associates.

In accordance with Listing Rule 7.11(e), any votes cast on Resolution 1B by:

- (a) the Related Parties excluded from voting; and
- (b) any Associate of any Related Parties,

will be disregarded.

However, a vote need not be disregarded if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

2. APPROVAL OF TAKEOVER

2.1 Background

The Trustee and the Company have announced an off-market takeover bid for the Trust to acquire the issued units in Blue Tower Trust.

The Takeover will proceed subject to meeting certain conditions as follows:

- (a) The Takeover Offer must achieve Takeover Acceptance, namely at least 90% acceptance by Blue Tower Trust Unitholders; and
- (b) The Trustee and the Company will issue Stapled Securities (i.e. the Takeover Stapled Security Issue) as the scrip consideration to be given to Blue Tower Trust Unitholders under the Takeover.

The Constitution, Trust Deed, Stapling and Asset Management Deed must be amended for this to occur.

The Takeover Stapled Security Issue comprises the issue of Units in the Trust (i.e. the Takeover Unit Issue) and a corresponding issue of Shares in the Company (i.e. the Takeover Share Issue). These issued Units and Shares are stapled together to constitute Stapled Securities.

Stapled Security Holders' attention is drawn to the Bidder's Statement which outlines that the Takeover Offer is 2.1846 Stapled Securities for every unit in Blue Tower Trust.

At the time of the issue of the Bidder's Statement, the Bidder's Takeover Offer values Blue Tower Trust at \$69.4 million, being \$2.3137 per Unit.

This value has been determined by the Directors based on the net assets of the Blue Tower Trust and adopting a current independent property valuation (refer to the property valuation, a summary of which is included in Annexure A of the Offer Document).

The net assets calculation assumes that a \$2 million return of capital is paid to Blue Tower Unitholders upon the Takeover becoming unconditional (or earlier at the discretion of the directors of the responsible entity of Blue Tower Trust), which may be able to assist in funding the payment of any Capital Gains Tax incurred by them.

The above net assets calculation of Blue Tower Trust is also after allowing for accrued asset management fees of approximately \$17.7 million which is payable to the asset managers of Blue Tower Trust, Leyshon Operations Pty Ltd and Australian and Asia/Pacific Institute of Property Auditors Pty Ltd in the event the Takeover becomes unconditional.

The value of Stapled Securities to be attributed to Blue Tower Trust Unitholders as consideration for the Takeover has been determined by the Directors to be \$37.1 million, being \$1.0591 per Stapled Security.

This is based on the net assets of the Fund and adopting current independent property valuations (refer to the summaries of the independent property valuations, copies of which are included in Annexure A of the Offer Document).

The Takeover Offer of 2.1846 Stapled Securities for every Blue Tower Trust Unit is therefore based on the above relative values of Blue Tower Trust and the Fund. The Independent Expert's Report included in Annexure 1 concludes that the Takeover is fair and reasonable to both Stapled Security Holders and Blue Tower Trust Unitholders.

As it will be the Trust that will acquire legal ownership of the unitholding of Blue Tower Trust under the Takeover, the Trustee and the Board have determined to allocate the \$1.0591 price of a Stapled Security issued under the Takeover Stapled Security Issue as follows (i.e. the Takeover Allocation):

- (a) Units in the Trust issued for the Takeover Stapled Security Issue will be issued for \$1.0591 each; and
- (b) Shares in the Company issued for the Takeover Stapled Security Issue will be issued for no price (i.e. \$0).

2.2 Reasons to proceed with the Takeover

The Directors have identified the following benefits for Stapled Security Holders upon the Takeover becoming unconditional:

Increased size of Fund	Stapled Security Holders will hold Stapled Securities in the larger Merged Fund which will give it increased capacity to participate in future strategic property opportunities.
Comalco Place as flagship asset	Upon the Takeover becoming unconditional Comalco Place will be the flagship asset of the Merged Fund.
Rental Income	The percentage of the Fund's income derived from stable rental income streams will increase.
More liquid investment	Holdings of Stapled Securities are likely to be more liquid given the increased number of Stapled Security Holders in the Merged Fund.
Equivalent value	The value of Stapled Securities to be issued as consideration for the Takeover will equal the value of Blue Tower Trust Units that are acquired.
Economies of scale	A Merged Fund should produce economies of scale through reduced administrative costs and increased efficiencies.
Fair and reasonable offer	The Independent Expert has been engaged by the Directors and has provided a report which indicates that the Takeover Offer is fair and reasonable.

2.3 Implementation of the Takeover

Upon Takeover Acceptance and closure of the Takeover Offer Acceptance Period, it is intended that the Takeover Actions will be effected by:

- (a) the Fund issuing Stapled Securities for the Takeover Stapled Security Issue; and
- (b) the completion of the Takeover.

2.4 If the Takeover does not occur

The Capital Raising is not dependent on the Takeover. Conversely, the Takeover is not dependent on the Capital Raising.

2.5 Resolution 2A – Approval of Takeover

The need for Stapled Security Holders to approve the Takeover arises because of the material interest of Directors of Leyshon Corporation Limited ACN 090 257 480 in this transaction.

Leyshon Corporation Limited is all of the below:

- (a) the Trustee;

- (b) the Bidder (as Trustee in conjunction with the Company); and
- (c) the trustee and responsible entity of Blue Tower Trust, being the 'target' under the Takeover.

The Directors of Leyshon Corporation Limited are:

- (a) Geoff McMahon;
- (b) Neil Summerson;
- (c) Michael O'Reilly; and
- (d) William Collins;

These Directors are therefore common to the Bidder and the target under the Takeover.

Geoff McMahon and Neil Summerson are also directors of Leyshon Operations Pty Ltd.

Michael O'Reilly and William Collins are also directors of Australian and Asia/Pacific Institute of Property Auditors Pty Ltd ACN 083 601 110 ('AAPIPA').

Leyshon Operations Pty Ltd and AAPIPA are the asset managers of the Blue Tower Trust. They will earn asset management fees of approximately \$17.7 million payable by the Blue Tower Trust in the event the Takeover becomes unconditional.

Leyshon Corporation Limited is the asset manager of the Fund and will earn an acquisition fee of 2% of the value of Comalco Place (current independent property valuation being \$184 million) upon the acquisition of Blue Tower Trust by the Trust.

It is for these reasons and the requirements of Section 195 of the Corporations Act, that all the Directors above have a material interest in the decision to proceed with the Takeover. This material interest precludes the Board from deciding to proceed with and effect the Takeover.

In these circumstances the decision to proceed with the Takeover must be approved by Stapled Security Holders.

Listing Rule 7.18 'Significant Change in Activities' provides that where an entity proposes making any significant change, either directly or indirectly, to the nature or scale of its activities it must, amongst other things, obtain approval of the change from Stapled Security Holders.

It is considered that the Takeover is a significant change in the scale of activities for the Fund. The Fund is therefore seeking approval of Stapled Security Holders to this change in the terms of Resolution 2A. The Takeover Allocation will allocate \$1.0591 to the price of a Unit with no price allocated to a Share. This reflects the fact that the Trust will acquire legal ownership of the unitholding of Blue Tower Trust under the Takeover.

2.6 Resolution 2B – Approval for Substantial Assets to be acquired as part of Takeover

Listing Rule 7.1 provides that the Trust must not acquire a Substantial Asset from certain persons without the approval of Stapled Security Holders.

The persons who are within the ambit of Listing Rule 7.1 may be broadly described as:

- (a) a Related Party of the Fund; and
- (b) a person who holds at least 10% of the Stapled Securities of the Fund; or
- (c) an Associate of a person referred to in (a) and (b) above.

An asset is substantial if its value or the value of the consideration for it is 5% or more of the equity interests of the Fund (as set out in the Fund's 31 March 2006 financial statements which are the latest to be lodged at BSX).

It has been determined that, based on the 31 March 2006 financial statements, a Substantial Asset of LPF3 is an asset having a value of \$1,615,000 or greater.

The Trust's acquisition of some of the unitholdings in Blue Tower Trust pursuant to the Takeover will require the approval of Stapled Security Holders to satisfy Listing Rule 7.1.

Furthermore a Blue Tower Trust Unitholder, Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) holds call options to acquire further units in Blue Tower Trust.

The call options are described in Table 2.1 ('Call Options').

Table 2.1 - Call Options relating to Blue Tower Trust units

Blue Tower Trust Unitholder	John Hendry (may sell)	Prudence Hendry (may sell)	Total units in Blue Tower Trust (that may be acquired)
Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust) (may acquire)	3 million units	2 million units	5 million units

Table 2.2 sets out details of those Relevant Parties from whom Substantial Assets are being acquired under the Takeover and assumes the above mentioned Call Options are *not* exercised by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust).

Table 2.2 – The Position of Relevant Parties if Call Options are not exercised

Blue Tower Trust Unitholders who are a Relevant Party	The Relevant Party's unitholding in Blue Tower Trust	The value of Blue Tower Trust unitholding to be acquired under the Takeover
Leyshon Operations Pty Ltd	5,868,000	\$13,576,792
Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)	5,000,000	\$11,568,500

Table 2.3 sets out details of those Relevant Parties from whom Substantial Assets are being acquired under the Takeover and assumes that the above mentioned Call Options *are* exercised by Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust).

Table 2.3 – The Position of Relevant Parties if Call Options are exercised

Blue Tower Trust Unitholders who are a Relevant Party	The Relevant Party's unitholding in Blue Tower Trust	The value of Blue Tower Trust unitholding to be acquired under the Takeover
Leyshon Operations Pty Ltd	5,868,000	\$13,576,792
Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)	10,000,000	\$23,137,000

Listing Rule 7.8 requires that there be a report from an independent expert indicating whether the transaction is fair and reasonable to non-associated Stapled Security Holders.

The Independent Expert has been engaged to provide an opinion whether the Fund acquiring the Substantial Assets from the Relevant Parties under the Takeover is fair and reasonable to non-associated Stapled Security Holders.

A copy of the Independent Expert's Report is included in Annexure 1. That report concludes that the transactions are fair and reasonable to non-associated Stapled Security Holders.

Stapled Security Holders should read the Independent Expert's Report in full.

Accordingly Stapled Security Holder approval is sought for the acquisition of the unitholdings in Blue Tower Trust described in Tables 2.2 and 2.3.

2.7 Resolution 2C – Approval of Financial Assistance

The Issue of Shares for no price under the Takeover Share Issue may constitute financial assistance by the Company to Blue Tower Trust Unitholders to enable Blue Tower Trust Unitholders to acquire Shares in the Company.

Section 260A(1) of the Corporations Act has the effect that the Company may financially assist a person to acquire Shares only if:

- (a) giving the assistance does not materially prejudice the interests of the Company or its Shareholders; or
- (b) the Company's ability to pay its creditors; or
- (c) the assistance is approved by Shareholders under Section 260B.

The Takeover Share Issue is for Blue Tower Trust Unitholders only and so Resolution 2C is that the financial assistance given to Blue Tower Trust Unitholders in connection with the Takeover Stapled Security Issue is approved for the purposes of Section 260B(2) of the Corporations Act.

The Directors of the Company confirm they are satisfied that giving the assistance to Blue Tower Trust Unitholders will not materially prejudice the interests of the Company, its Shareholders or the Company's ability to pay its creditors, when considered in the broader context of the Takeover's impact on the Fund and the interests of Stapled Security Holders. However, the approval of Shareholders in terms of Resolution 2C is sought to put the matter beyond doubt and because the Directors wish to give non-associated Shareholders the opportunity to collectively approve the issue of Shares to the Blue Tower Trust Unitholders.

2.8 The Proposed Resolutions

The full particulars of Resolutions 2A, 2B and 2C are set forth in the Notice of Meeting.

2.9 Directors' Recommendation

Each Director approves this Explanatory Memorandum and the proposal to put Resolutions 2A, 2B and 2C to Stapled Security Holders.

The Directors believe that the Fund's future prospects will be significantly enhanced as a result of the Takeover of the Blue Tower Trust. Each Director considers that for the reasons explained in this Explanatory Memorandum, the Takeover is in the best interests of the Fund and recommends the Stapled Security Holders to vote in favour of Resolutions 2A, 2B and 2C.

Stapled Security Holders' attention is specifically drawn to the Independent Expert's Report which concludes that:

- (a) the Takeover is fair and reasonable to both Stapled Security Holders and Blue Tower Trust Unitholders; and
- (b) the proposal to acquire the Substantial Assets from the Relevant Parties is fair and reasonable to non-associated Stapled Security Holders.

In accordance with Listing Rule 7.8(a), any votes cast on Resolution 2B by:

- (a) a Relevant Party; and

(b) any Associate of a Relevant Party,
will be disregarded.

However, a vote need not be disregarded if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In accordance with Section 253E of the Corporations Act and clause 30.3 of the Trust Deed, any Stapled Security Holder who is an Associate of the Trustee is not entitled to vote on Resolutions 2A and 2B if they have an interest in the relevant resolution or matter, other than as a Unitholder of the Trust. Any Associates may vote as proxies if their appointments specify the way they are to vote and they vote that way (Section 253A(2)).

In accordance with Section 260B(1) no votes may be cast in favour of Resolution 2C by any Stapled Security Holder who is:

- (a) also a Blue Tower Trust Unitholder; or
- (b) an Associate of a Blue Tower Trust Unitholder.

3. APPROVAL OF THE MODIFICATION TO THE TRUST DEED

3.1 Background and Proposed Modification to the Trust Deed

The Capital Raising and the Takeover will require modification to the Trust Deed.

In accordance with Section 601GC of the Corporations Act and clause 32 of the Trust Deed, the proposed modification to the Trust Deed must be approved by a special resolution and an extraordinary resolution of Unitholders.

It is proposed that the Trust Deed be modified by including new clauses 41.3, 41.4 and 41.5:

41.3 Definitions for clauses 41.4 ('Capital Raising') and 41.5 ('Takeover')

- (a) *For the purposes of clause 41.4 and 41.5 and unless a contrary intention appears, the following expressions will have the following meaning:*
 - (i) *'Bidder' means the Manager (in its capacity as responsible entity of the Trust) and the Company;*
 - (ii) *'Bidder's Statement' means the bidder's statement issued (as amended) by the Bidder in respect of the Takeover and dated on or about 19 July 2006;*
 - (iii) *'Blue Tower Trust' means the Blue Tower Trust ARSN 109 093 852;*
 - (iv) *'Blue Tower Trust Unitholders' means unitholders of the Blue Tower Trust*
 - (v) *'BSX' means Bendigo Stock Exchange Limited ACN 087 708 898;*
 - (vi) *'Capital Raising' means the Entitlement Issue, the Priority Issue and the Public Issue approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
 - (vii) *'Entitlement Issue' means the 'two for one' issue of 70 million Stapled Securities at an issue price of \$1.06 per Stapled Security to Original Investors approved by Stapled Security Holders at an extraordinary general meeting of the Trust and Company on or about 4 September 2006;*
 - (viii) *'Non-accepting Blue Tower Trust Unitholders' means Blue Tower Trust Unitholders, if any, who do not accept the Takeover Offer made to them during the Takeover Offer Acceptance Period;*
 - (ix) *'Original Investors' means all of the holders of Stapled Securities on the record date for the Entitlement Issue;*
 - (x) *'Priority Issue' means the priority issue of Shortfall Stapled Securities to Blue Tower Trust Unitholders which was approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
 - (xi) *'Public Issue' means the issue of Shortfall Stapled Securities to the public which was approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
 - (xii) *'Shortfall Stapled Securities' means Stapled Securities that are not taken up by Original Investors under the Entitlement Issue;*
 - (xiii) *'Stapled Security Holders' means the holders of Stapled Securities;*

- (xiv) *'Takeover' means at least 90% of the units of the Blue Tower Trust having been transferred to the Manager in its capacity as trustee of the Trust (or its nominated custodian) by way of an off market takeover in accordance with the Bidder's Statement;*
- (xv) *'Takeover Acceptance' means acceptances of the Takeover Offer sufficient to enable the Takeover;*
- (xvi) *'Takeover Actions' means the Takeover Stapled Security Issue and the Takeover;*
- (xvii) *'Takeover Offer' means the Bidder's offer for the Trust to acquire all of the units of Blue Tower Trust, as set out in the Bidder's Statement;*
- (xviii) *'Takeover Offer Acceptance Period' means the period during which Blue Tower Trust Unitholders can accept the Takeover Offer, being the offer period described in the Bidder's Statement, unless it is withdrawn or extended pursuant to the Law;*
- (xix) *'Takeover Share Issue' means the issue of Shares pursuant to the Takeover;*
- (xx) *'Takeover Stapled Security Issue' means the issue of Stapled Securities for the Takeover comprising the:*
 - (A) *Takeover Unit Issue; and the*
 - (B) *Takeover Share Issue; and*
- (xxi) *'Takeover Unit Issue' means the issue of Units pursuant to the Takeover.*

41.4 Capital Raising

Despite clauses 7.2 and 7.4 of this Deed:

- (a) *Stapled Securities issued for the Capital Raising will be issued for \$1.06 per Stapled Security; and*
- (b) *Units in the Trust issued for the Capital Raising will be issued for \$1.05 per Unit; and*
- (c) *Shares in the Company issued for the Capital Raising will be issued for \$0.01 per Share.*

41.5 Takeover

- (a) *If:*
 - (i) *Takeover Acceptance has occurred; and*
 - (ii) *the Takeover Offer Acceptance Period has been closed,**then the Manager in co-operation with the Company:*
 - (i) *will implement and effect the Takeover Actions;*
 - (ii) *will ensure that the Takeover Actions are effected in a manner that ensures that the Bidder's obligations under the Bidder's Statement are complied with;*
 - (iii) *may do anything the Manager considers reasonably necessary to implement and effect the Takeover in accordance with the Bidder's Statement; and*

- (iv) *may implement and effect compulsory acquisition of units in Blue Tower Trust held by Non-accepting Blue Tower Trust Unitholders if deemed necessary.*
- (b) *Despite clauses 7.2, 7.4 and 41.4 of this Deed:*
 - (i) *Stapled Securities issued for the Takeover Stapled Securities Issue will be issued for \$1.0591 per Stapled Security;*
 - (ii) *Units in the Trust issued for the Takeover Unit Issue will be issued for \$1.0591 per Unit; and*
 - (iii) *Shares in the Company issued for the Takeover Share Issue will be issued for no price i.e. \$0.*

For avoidance of doubt the Manager will not be deemed to have breached clauses 7.2, 7.4 and 41.4 when issuing Stapled Securities in connection with the Takeover Actions.
- (c) *In the event there are Non-accepting Blue Tower Trust Unitholders, then the Stapled Securities under the Takeover Stapled Security Issue to which the Non-accepting Blue Tower Trust Unitholders would otherwise be entitled had they accepted the Takeover Offer, will be issued to the trustee of the Blue Tower Trust (or its nominated custodian) to be held on trust for the Non-accepting Blue Tower Trust Unitholders.*
- (d) *The Stapled Securities referred to in subclause (c) will be quoted but will not trade on BSX until they have been transferred to the Non-accepting Blue Tower Trust Unitholders whose units in the Blue Tower Trust are subsequently compulsorily acquired by the Bidder.*
- (e) *Clause 15.1 of this Deed does not apply in respect of the Takeover.*
- (f) *Despite any provision of this Deed to the contrary, no part of clause 41 will operate in a way that prevents or restricts the Manager's ability to implement and effect the Takeover.'*

3.2 Resolution 3 – Constitution, Corporations Act and BSX Requirements

Clause 32.1 of the Trust Deed requires that any modification to the Trust Deed be approved by an extraordinary resolution of Unitholders.

An extraordinary resolution is a resolution that is passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

Section 601GC of the Corporations Act provides that the Trust Deed may be modified by special resolution of Unitholders.

Furthermore, it is a requirement of the Corporations Act that the Trustee lodge with ASIC a copy of any modification to the Trust Deed. The modification takes effect from when the copy is lodged with ASIC.

It is a requirement of the Listing Rules (Listing Rule 11.16) that the Trustee provide a consolidated copy of the amended Trust Deed to BSX within seven Business Days of the amendments becoming effective.

3.3 The Proposed Resolution

The full particulars of Resolution 3 are set forth in the Notice of Meeting.

3.4 Directors' Recommendation

Each Director of the Trustee recommends that Unitholders as Stapled Security Holders vote in favour of the resolution.

In accordance with Section 253E of the Corporations Act and clause 30.3 of the Trust Deed, any Stapled Security Holder who is an Associate of the Trustee is not entitled to vote on Resolution 3 if they have an interest in Resolution 3 or the matter, other than as a Unitholder of the Trust. Any Associates may vote as proxies if their appointments specify the way they are to vote and they vote that way (Section 253A(2)).

4. APPROVAL OF THE MODIFICATION TO THE CONSTITUTION

4.1 Background and Proposed Modification to the Constitution

The Capital Raising and the Takeover will require modification to the Constitution.

It is proposed that the Constitution be modified by including a new clause 31:

'31. CAPITAL RAISING AND TAKEOVER

31.1 Definitions for Clause 31

- (a) *For the purposes of this clause 31 and unless a contrary intention appears, the following expressions will have the following meaning:*
 - (i) *'Bidder' means the Responsible Entity and the Company;*
 - (ii) *'Bidder's Statement' means the bidder's statement issued (as amended) by the Bidder in respect of the Takeover and dated on or about 19 July 2006;*
 - (iii) *'Blue Tower Trust' means the Blue Tower Trust ARSN 109 093 852;*
 - (iv) *'Blue Tower Trust Unitholders' means unitholders of the Blue Tower Trust;*
 - (v) *'BSX' means Bendigo Stock Exchange Limited ACN 087 708 898;*
 - (vi) *'Capital Raising' means the Entitlement Issue, the Priority Issue and the Public Issue approved by Stapled Security Holders at an extraordinary general meeting of the Company on or about 4 September 2006;*
 - (vii) *'Corporations Act' means the Corporations Act 2001 including the Corporations Regulations 2001;*
 - (viii) *'Entitlement Issue' means the 'two for one' issue of 70 million Stapled Securities at an issue price of \$1.06 per Stapled Security to Original Investors approved by Stapled Security Holders at an extraordinary general meeting of the Company on or about 4 September 2006;*
 - (ix) *'Non-accepting Blue Tower Trust Unitholders' means Blue Tower Trust Unitholders, if any, who do not accept the Takeover Offer made to them during the Takeover Offer Acceptance Period;*
 - (x) *'Original Investors' means all of the holders of Stapled Securities on the record date for the Entitlement Issue;*
 - (xi) *'Priority Issue' means the priority issue of Shortfall Stapled Securities to Blue Tower Trust Unitholders approved by Stapled Security Holders at an extraordinary general meeting of the Company on or about 4 September 2006;*
 - (xii) *'Public Issue' means the issue of Shortfall Stapled Securities to the public approved by Stapled Security Holders at an extraordinary general meeting of the Company on or about 4 September 2006;*
 - (xiii) *'Responsible Entity' has the same meaning as in clause 2.1 and at the time of the Capital Raising and the Takeover the Responsible Entity is Leyshon Corporation Limited ACN 090 257 480;*
 - (xiv) *'Shortfall Stapled Securities' means Stapled Securities that are not taken up by Original Investors under the Entitlement Issue;*

- (xv) *'Stapled Security Holders' means the holders of Stapled Securities;*
- (xvi) *'Takeover' means at least 90% of the units of the Blue Tower Trust having been transferred to the Bidder in its capacity as trustee of the Trust (or its nominated custodian) by way of an off market takeover in accordance with the Bidder's Statement;*
- (xvii) *'Takeover Acceptance' means acceptances of the Takeover Offer sufficient to enable the Takeover;*
- (xviii) *'Takeover Actions' means the Takeover Stapled Security Issue and the Takeover;*
- (xix) *'Takeover Offer' means the Bidder's offer for the Trust to acquire all of the units of Blue Tower Trust, as set out in the Bidder's Statement;*
- (xx) *'Takeover Offer Acceptance Period' means the period during which Blue Tower Unitholders can accept the Takeover Offer, being the offer period described in the Bidder's Statement, unless it is withdrawn or extended pursuant to the Corporations Act;*
- (xxi) *'Takeover Stapled Security Issue' means the issue of Stapled Securities for the Takeover comprising the:*
 - (A) *Takeover Unit Issue; and the*
 - (B) *Takeover Share Issue;*
- (xxii) *'Takeover Share Issue' means the issue of Shares pursuant to the Takeover; and*
- (xxiii) *'Takeover Unit Issue' means the issue of Units pursuant to the Takeover.*

31.1 Capital Raising

Despite any other rule of this Constitution:

- (a) *Stapled Securities issued for the Capital Raising will be issued for \$1.06 per Stapled Security; and*
- (b) *Units in the Trust issued for the Capital Raising will be issued for \$1.05 per Unit; and*
- (c) *Shares in the Company issued for the Capital Raising will be issued for \$0.01 per Share.*

31.2 Takeover

- (a) *If:*
 - (i) *Takeover Acceptance has occurred; and*
 - (ii) *the Takeover Offer Acceptance Period has been closed,**then the Responsible Entity in cooperation with the Company and the Directors:*
 - (i) *will implement and effect the Takeover Actions;*
 - (ii) *will ensure that the Takeover Actions are effected in a manner that ensures that the Bidder's obligations under the Bidder's Statement are complied with;*
 - (iii) *may do anything the Responsible Entity considers reasonably necessary to implement and effect the Takeover in accordance with the Bidder's Statement; and*

- (iv) *may implement and effect compulsory acquisition of units in Blue Tower Trust held by Non-accepting Blue Tower Unitholders if deemed necessary.*
- (b) *Despite any rule of this Constitution:*
 - (i) *Stapled Securities issued for the Takeover Stapled Securities Issue will be issued for \$1.0591 per Stapled Security;*
 - (ii) *Units in the Trust issued for the Takeover Unit Issue will be issued for \$1.0591 per Unit; and*
 - (iii) *Shares in the Company issued for the Takeover Share Issue will be issued for no price i.e. \$0.*

For avoidance of doubt, neither the Company nor the Directors will be deemed to have breached any rule of this Constitution when issuing Stapled Securities in connection with the Takeover Actions.

- (c) *In the event there are Non-accepting Blue Tower Trust Unitholders, then the Stapled Securities under the Takeover Stapled Security Issue to which the Non-accepting Blue Tower Trust Unitholders would otherwise be entitled had they accepted the Takeover Offer, will be issued to the trustee of the Blue Tower Trust (or its nominated custodian) to be held on trust for the Non-accepting Blue Tower Trust Unitholders.*
- (d) *The Stapled Securities referred to in subclause (c) will be quoted but will not trade on BSX until they have been transferred to the Non-accepting Blue Tower Trust Unitholders whose units in the Blue Tower Trust are subsequently compulsorily acquired by the Bidder.*
- (e) *Despite any provision of this Constitution to the contrary, no part of clause 31 will operate in a way that prevents or restricts the Responsible Entity's ability to effect the Takeover.'*

4.2 Resolution 4 – Constitution, Corporations Act and BSX Requirements

It is a requirement of the Constitution and the Corporations Act that any proposed modification to the Constitution must be approved by a special resolution of Shareholders.

It is also a requirement of the Corporations Act that a copy of any modification to the Constitution be lodged with ASIC. The modification takes effect from when the copy is lodged with ASIC.

It is a requirement of the Listing Rules (Listing Rule 11.16) to provide a consolidated copy of the amended Constitution to BSX within seven business days of the amendments becoming effective.

4.3 The Proposed Resolution

The full particulars of Resolution 4 are set out in the Notice of Meeting.

4.4 Directors' Recommendation

Each Director of the Company recommends that Shareholders vote in favour of the resolution.

5. APPROVAL OF THE MODIFICATION TO THE STAPLING AND ASSET MANAGEMENT DEED

5.1 Background and Proposed Modification to the Stapling and Asset Management Deed

The Capital Raising, Takeover and the Takeover Stapled Security Issue will require modification to the Stapling and Asset Management Deed .

It is also proposed that the Stapling and Asset Management Agreement be modified to provide for reporting at six monthly intervals rather than the present quarterly reporting.

In accordance with clause 32 of the Stapling and Asset Management Deed, any proposed amendment to the Stapling and Asset Management Deed must be in writing and signed by all of the parties to the Stapling and Asset Management Deed.

5.2 Resolution 5A – Approval of the Modification to the Stapling and Asset Management Deed with respect to the Capital Raising and the Takeover

It is proposed that the Stapling and Asset Management Deed be amended by including a new clause 9A:

'9A CAPITAL RAISING AND TAKEOVER

9A.1 Definitions for clause 9A

- (a) *For the purposes of clauses 9A.2 and 9A.3 and unless a contrary intention appears, the following expressions will have the following meaning:*
 - (i) *'Bidder' means Leyshon Corporation and the Company;*
 - (ii) *'Bidder's Statement' means the bidder's statement issued (as amended) by the Bidder in respect of the Takeover and dated on or about 19 July 2006;*
 - (iii) *'Blue Tower Trust' means the Blue Tower Trust ARSN 109 093 852;*
 - (iv) *'Blue Tower Trust Unitholders' means unitholders of the Blue Tower Trust;*
 - (v) *'BSX' means Bendigo Stock Exchange Limited ACN 087 708 898;*
 - (vi) *'Capital Raising' means the Entitlement Issue, the Priority Issue and the Public Issue approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
 - (vii) *'Entitlement Issue' means the 'two for one' issue of 70 million Stapled Securities at an issue price of \$1.06 per Stapled Security to Original Investors approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
 - (viii) *'Non-accepting Blue Tower Trust Unitholders' means Blue Tower Trust Unitholders, if any, who do not accept the Takeover Offer made to them during the Takeover Offer Acceptance Period;*
 - (ix) *'Original Investors' means all of the holders of Stapled Securities on the record date for the Entitlement Issue;*

- (x) *'Priority Issue' means the priority issue of Shortfall Stapled Securities to Blue Tower Trust Unitholders' approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
- (xi) *'Public Issue' means the issue of Shortfall Stapled Securities to the public approved by Stapled Security Holders at an extraordinary general meeting of the Trust and the Company on or about 4 September 2006;*
- (xii) *'Shortfall Stapled Securities' means Stapled Securities that are not taken up by Original Investors under the Entitlement Issue;*
- (xiii) *'Stapled Security Holders' means holders of Stapled Securities;*
- (xiv) *'Takeover' means at least 90% of the units of the Blue Tower Trust having been transferred to the Bidder (or its nominated custodian) by way of an off market takeover in accordance with the Bidder's Statement';*
- (xv) *'Takeover Acceptance' means acceptances of the Takeover Offer sufficient to enable the Takeover;*
- (xvi) *'Takeover Actions' means the Takeover Stapled Security Issue and the Takeover;*
- (xvii) *'Takeover Offer' means the Bidder's offer for the Trust to acquire all of units of Blue Tower Trust, as set out in the Bidder's Statement;*
- (xviii) *'Takeover Offer Acceptance Period' means the period during which Blue Tower Trust Unitholders can accept the Takeover Offer, being the offer period described in the Bidder's Statement, unless it is withdrawn or extended pursuant to the Law;*
- (xix) *'Takeover Stapled Security Issue' means the issue of Stapled Securities for the Takeover comprising the:*
 - (A) *Takeover Unit Issue; and the*
 - (B) *Takeover Share Issue;*
- (xx) *'Takeover Share Issue' means the issue of Shares pursuant to the Takeover;*
- (xxi) *'Takeover Unit Issue' means the issue of Units pursuant to the Takeover.*

9A.2 Capital Raising

Despite clause 4 of this Deed:

- (a) *Stapled Securities issued for the Capital Raising will be issued for \$1.06 per Stapled Security; and*
- (b) *Units in the Trust issued for the Capital Raising will be issued for \$1.05 per Unit; and*
- (c) *Shares in the Company issued for the Capital Raising will be issued for \$0.01 per Share.*

9A.3 Takeover

- (a) If:
- (i) Takeover Acceptance has occurred; and
 - (ii) the Takeover Offer Acceptance Period has been closed,
- then the parties acknowledge and agree that Leyshon Corporation and the Company:
- (i) will effect the Takeover Actions;
 - (ii) will ensure that the Takeover Actions are effected in a manner that ensures that the Bidder's obligations under the Bidder's Statement are complied with;
 - (iii) may do anything that Leyshon Corporation and the Board considers reasonably necessary to effect the Takeover in accordance with the Bidder's Statement; and
 - (iv) may effect compulsory acquisition of units in Blue Tower Trust held by Non-accepting Blue Tower Trust Unitholders if deemed necessary.
- (b) Despite clause 4 and 9A.2 of this Deed:
- (i) Stapled Securities issued for the Takeover Stapled Securities Issue will be issued for \$1.0591 per Stapled Security;
 - (ii) Units in the Trust issued for the Takeover Unit Issue will be issued for \$1.0591 per Unit; and
 - (iii) Shares in the Company issued for the Takeover Share Issue will be issued for no price i.e. \$0.
- For avoidance of doubt, the Manager will not be deemed to have breached clauses 4, 9A.2 or any other provision of this Deed when issuing Stapled Securities in connection with the Takeover Actions.
- (c) In the event there are Non-accepting Blue Tower Trust Unitholders then the Stapled Securities under the Takeover Stapled Security Issue to which the Non-accepting Blue Tower Trust Unitholders would otherwise be entitled had they accepted the Takeover Offer, will be issued to the trustee of the Blue Tower Trust (or its nominated custodian) to be held on trust for the Non-accepting Blue Tower Trust Unitholders.
- (d) The Stapled Securities referred to in subclause (c) will be quoted but will not trade on BSX until they have been transferred to the Non-accepting Blue Tower Trust Unitholders whose units in the Blue Tower Trust are subsequently compulsorily acquired by the Bidder.
- (e) Despite any provision of this Deed to the contrary, no part of the Stapling Provisions of this Deed (Part A) will operate in a way that prevents or restricts Leyshon Corporation's or the Company's ability to effect the Takeover.'

5.3 Resolution 5B – Approval of the Modification to the Stapling and Asset Management Deed with respect to the Frequency of Reporting

The frequency of reporting under the Stapling and Asset Management Deed is to be changed to bring the Fund's reporting procedures into line with normal practice for listed property funds. These modifications provide that reports are to be provided half yearly instead of quarterly.

It is further proposed to amend the Stapling and Asset Management Deed as follows:

- (a) In clause 13.6(g), delete '*quarterly*' and replace with '*half yearly*'; and
- (b) In clause 13.8, delete '*By the last Business Day of the month following the end of each calendar quarter*' and replace with '*Following the end of each calendar half year and by no later than the following 15 March or 15 September as the case may be.*'

5.4 The Proposed Resolutions

The full particulars of Resolutions 5A and 5B are set out in the Notice of Meeting.

5.5 Directors' Recommendation

Each Director of the Trustee and the Company recommends that Stapled Security Holders vote in favour of the resolutions.

In accordance with Section 253E of the Corporations Act and clause 30.3 of the Trust Deed, any Stapled Security Holder who is an Associate of the Trustee is not entitled to vote on Resolutions 5A and 5B if they have an interest in the resolution or the matter, other than as a Unitholder of the Trust. Any Associates may vote as proxies if their appointments specify the way they are to vote and they vote that way (Section 253E(2)).

6. APPROVAL OF CHANGES OF NAME

6.1 Background

Resolution 6 is designed to give effect to name changes to recognise the significance of the Capital Raising and the possible Takeover of Blue Tower Trust. The name changes also reflect the vision through which the Directors are seeking to position and grow the Fund. The Fund intends to focus on building a quality portfolio of property investments that will produce long term capital growth and stable income streams.

<i>Name to be changed</i>	<i>New name</i>
<i>Leyshon Property Fund No. 3</i>	<i>Australian Property Growth Fund</i>
<i>Leyshon Property Trust No. 3</i>	<i>Australian Property Growth Trust</i>
<i>Leyshon Developments No. 3 Limited</i>	<i>Australian Property Growth Limited</i>

6.2 Corporations Act and BSX Requirements

The Trust and the Company may change their respective names by special resolution of Stapled Security Holders.

6.3 The Proposed Resolution

The full particulars of Resolution 6 are set out in the Notice of Meeting.

6.4 Directors' Recommendation

Each Director of the Trustee and Company recommends that Stapled Security Holders vote in favour of the resolution.

7. APPROVAL OF THE ELECTION OF A DIRECTOR OF THE COMPANY

7.1 Background

Neil Summerson was appointed to the Board of the Company on 3 May 2006.

7.2 Constitution, Corporations Act and BSX requirements

Rule 14.2 of the Constitution provides that Neil Summerson may hold office as a Director until the next annual general meeting of the Company. However the Board wishes to take this opportunity for the Shareholders to approve his appointment at this Extraordinary General Meeting.

7.3 The Proposed Resolution

The full particulars of Resolution 7 are set out in the Notice of Meeting.

7.4 Directors' Recommendation

Each Director of the Company (other than Neil Summerson) recommends that Shareholders vote in favour of this resolution.

Annexure 1 - Independent Expert's Report

A copy of the Independent Expert's Report is enclosed with this Notice of Meeting if not annexed.

Annexure 2 - Prospectus and Product Disclosure Statement

A copy of the Offer Document, being the Prospectus and Product Disclosure Statement lodged with ASIC on 19 July 2006 by the Fund is enclosed with this Notice of Meeting if not annexed.

Annexure 3 - Bidder's Statement

A copy of the Bidder's Statement is enclosed with this Notice of Meeting if not annexed.

Proxy Form

Leyshon Property Trust No. 3
ARSN 109 093 816

Leyshon Developments No. 3 Limited
ACN 111 628 589

PLEASE COMPLETE IN BLACK INK

STAPLED SECURITY HOLDER/S NAME/S AND ADDRESS/ES

Name/s:

Address/es:

I/we appoint as my/our proxy the person/s named below at the Extraordinary General Meeting of Leyshon Property Trust No. 3 and Leyshon Developments No. 3 Limited to be held at Level 1, 295 Elizabeth Street, Brisbane on 4 September 2006 at 10.00 am (Brisbane time).

Appointment of Proxy

Box A

I/we appoint

☐

as my/our proxy *or* failing him/her the Chairman to exercise my/our votes for me/us on my/our behalf

OR

Appointment of Chairman

Box B

I/we appoint the Chairman to exercise all of my/our votes for me/us on my/our behalf as my/our proxy

☐

By ticking Box B, you acknowledge that if you have not directed the Chairman how to vote below, the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions. This is so even if other votes cast by the Chairman in his own or another capacity will be disregarded because of that interest.

The Chairman intends to vote in favour of all the resolutions with respect to all undirected proxies given to him.

DIRECTING YOUR PROXY HOW TO VOTE

I/we direct my/our proxy to vote in the following manner:

No	RESOLUTION	FOR	AGAINST	ABSTAIN
1A	Approval of the Issue of Stapled Securities for the Capital Raising			
1B	Approval of the Issues to Related Parties (Capital Raising)			
1C	Approval to issue Stapled Securities to Leyshon Operations Pty Ltd			
1D	Approval to issue Stapled Securities to Keats Group Pty Ltd (as trustee for the Guy Keats Family Trust)			
2A	Approval of Takeover			
2B	Approval for Substantial Assets to be acquired from Relevant Parties as part of Takeover			
2C	Approval of Financial Assistance			
3	Approval of the modification to the Trust Deed			
4	Approval of the modification to the Constitution			
5A	Approval of the modification to the Stapling and Asset Management Deed with respect to the Capital Raising and the Takeover			
5B	Approval of the modification to the Stapling and Asset Management Deed with respect to the Frequency of Reporting			
6	Approval of Changes of Name			
7	Approval of the Election of a Director of the Company			

INDIVIDUALS TO SIGN

EXECUTION BY ATTORNEY

(insert name of attorney)

(attorney to sign here) as attorney for

(insert name of individual or company) in accordance with the company's constitution and the Corporations Act 2001. The authority or a certified copy of the authority under which the appointment is signed must be attached.

COMPANIES TO SIGN

Executed in accordance with the company's constitution

Director

Director/Secretary *OR*

Sole Director and Sole Company Secretary

(Affix seal if required)

DATED...../...../2006

NOTES FOR COMPLETION OF PROXY FORM

Leyshon Property Trust No. 3
ARSN 109 093 816

Leyshon Developments No. 3 Limited
ACN 111 628 589

APPOINTMENT OF PROXY (see Proxy Form)

- To appoint a single proxy - tick BOX A, complete name of proxy and sign Proxy Form; OR
- To appoint the Chairman - tick BOX B and sign Proxy Form

A proxy appointed to attend and vote for a Stapled Security Holder has the same rights as the Stapled Security Holder to vote (to the extent allowed by this appointment) and to join in the demand for a poll. If you mark the abstention box for a particular item, you are directing your proxy not to vote on a show of hands or on a poll and your Stapled Securities will not be counted in computing the required majority on a poll.

(To appoint two proxies to exercise a specified proportion of your votes - see below)

HOW TO SIGN PROXY FORM

- The Proxy Form must be signed by the Stapled Security Holder or by the Stapled Security Holder's attorney. If a joint holding then either Stapled Security Holder may sign.
- If the Proxy Form is signed by a person who is not the registered Stapled Security Holder, then the relevant authority or a certified copy should either have been lodged previously with the Company or Leyshon Corporation Limited as trustee of the Trust or be enclosed with this Proxy Form. If sent by fax then the authority must be certified.
- If the Stapled Security Holder is a corporation, the Proxy Form must be signed in accordance with its constitution and the Corporations Act 2001, or under the hand of an authorised officer or attorney who has not received any notice of revocation. A person intending to vote Stapled Securities held in the name of a corporation MUST bring a properly executed authority from the corporation in favour of the person attending.

DEADLINE FOR RECEIPT OF PROXY FORMS

This Proxy Form must be lodged with the trustee of the Trust, Leyshon Corporation Limited or the Company before 10.00 am (Brisbane time) on Saturday, 2 September 2006, i.e. not less than 48 hours before the time for holding the meeting by:

- mailing your Proxy Form to the trustee, Leyshon Corporation Limited at GPO Box 3119, Brisbane, Qld 4001; OR
- depositing your Proxy Form with the trustee, Leyshon Corporation Limited at its registered office at Level 1, 295 Elizabeth Street, Brisbane, Qld 4000; OR
- faxing your Proxy Form to 07 3003 0122.

Please bring this Proxy Form with you to the meeting to enable us to process your registration efficiently.

Registration will commence at 9.30 am on 4 September 2006.

APPOINTMENT OF TWO PROXIES

(If you are entitled to cast two or more votes at the meeting, you may appoint two proxies instead of a single proxy)
(If you wish to appoint two proxies then complete below and note details for Appointment of Proxy on Proxy Form)

I/we appoint

(Insert name of first proxy)

to exercise *(state number or proportion)*.....

of my/our votes for me/us at the Extraordinary General Meeting **AND**

I/we appoint

(Insert name of second proxy)

to exercise *(state number or proportion)*.....

of my/our votes for me/us at the Extraordinary General Meeting **OR**

failing one or both of my first and second proxies, then the Chairman to exercise my/our votes for me/us in respect of the number or proportion of my/our Stapled Securities allocated to the absent proxy/s, as set out above.

Note: *If you appoint two proxies and do not specify the number or proportion of votes each proxy may exercise, then each will be entitled to exercise half of your votes (with fractions being disregarded.)*