

Westralia Property Trust

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2003 Annual Report



TABLE OF CONTENTS

1.	Corporate Directory	1
2.	Manager's Report	2-9
3.	Directors' Report	10-11
4.	Statement of Financial Performance and Distribution	12-13
5.	Statement of Financial Position	14
6.	Statement of Cash Flows	15
8.	Notes	16-31
9.	Directors' Declaration	32
10.	Independent Audit Report	33
11.	Unitholder Information	34

CORPORATE DIRECTORY

Responsible Entity	Kareelya Investments Ltd ACN: 072 899 060 6 Bowman Street South Perth WA 6151 Phone: (08) 9368 8200 Facsimile: (08) 9368 8280 Web: www.westrailiaproperytrust.com.au	Postal Address: PO Box 706 South Perth WA 6151 Registered Address: 6 Bowman Street South Perth WA 6151
	Australian Financial Services Licence Number: 225064	
Directors	Brett Leslie Jackson Graeme Michael Goff Raymond Leslie Andersen David Ayers Hinton	
Compliance Committee	Raymond Leslie Andersen Ross Terence Kestel Ronald Arthur Acott	
Registry	Computershare Investor Services Pty Ltd 45 St George's Terrace Perth WA 6000 Phone: (08) 9323 2000 Facsimile: (08) 9323 2033	
Solicitors	McMahon Clarke Legal 62 Charlotte Street Brisbane QLD 4000 Corrs Chambers Westgarth 150 St George's Terrace Perth WA 6000	
Auditor	RSM Bird Cameron Partners 8 St George's Terrace Perth WA 6000	
Banker	National Australia Bank Limited 50 St George's Terrace Perth WA 6000	
ASX code	WST	
Custodian	Sandhurst Trustees Limited 1 st floor 410 Collins Street Melbourne VIC 3000	

MANAGER'S REPORT

Kareelya Investments Limited (ABN 16 072 899 060) the manager of Westralia Property Trust submits its report.

BACKGROUND

The Westralia Property Trust was established on 7 May 2001 with the objective of becoming WA's only medium sized property trust focusing predominantly on investments in Western Australia.

Over the last decade, Western Australia has averaged 5% annual growth, compared to the Australian average of 2.8%. In addition, it produces 27% of Australia's Gross Domestic Product (GDP) due to strong economic diversification across many natural resource industries.

The state's industries are diversified and competitive in their market sectors. The industries produce significant, and consistent, levels of export earnings (GDP) particularly the mining, gas, and agriculture industries. Quality infrastructure and large resources has meant continuing business and capital investment opportunities.

Capital infrastructure projects, both existing and planned, are significant in Western Australia.

Importantly the state's resources are well managed, have a low cost base, and continually attract foreign investment. The economic climate in Western Australia has also allowed the state and multinational groups to invest, with confidence, significant capital into the state's GDP industries.

The investment benefits from W.A.'s large export industries, with a small population base, provide a robust economy with consistently high growth. This growth has underpinned the state's ability to support commercial property income and capital values.

The manager has identified the opportunity and is staging the Trust's growth to benefit on the property opportunities within Western Australia.

The Trust's ability to benefit in future is now dependent on increasing its net tangible assets and expanding its unitholder base. These objectives are the main focus of the manager at this stage and are necessary to assist future fundraising activities.

The fundraising activities will allow the Trust to acquire quality assets over a diversity of sectors, and allow members to have stronger liquidity benefits from being listed on the Australian Stock Exchange (ASX).

OBJECTIVES AND STRATEGY

The manager's aim is to build a diversified portfolio of property, including leisure based property, to provide investors with a consistent return. The Manager will do this by following set guidelines:

- Expand and diversify the Trust's portfolio by asset class and geographic location.
- Buy properties that provide a positive incremental impact on distributions.
- Ensure quality of earnings through exposure to multiple, credit worthy tenants.
- Aim for consistent earnings growth.
- Utilise WPT Finance to provide mezzanine funding to assets being acquired by the Trust.

CAPITAL RAISING AND LISTING ON THE AUSTRALIAN STOCK EXCHANGE

To assist with the achievement of the Trust's objectives it listed on the Australian Stock Exchange (ASX) in April 2003 following a successful capital raising. This strategy will allow for future participation by institutional groups when the Trust expands and attracts a wide spread of investors wanting to participate in Western Australian property opportunities. These two objectives will assist with trading (liquidity) of the Trust's securities on the exchange.

MANAGER'S REPORT

The Trust's capital raising provided funds for additional investments and increased the unit holder base to a minimum of 400 unit holders to enable listing on the ASX. (The Trust had 498 members on listing).

The listing of the Trust was a significant milestone and allows for future fundraising activities to acquire a diversified portfolio of assets. The Trust has met its objectives for the 2003 financial year and completed a period of consolidation to enable the next stage of growth to occur.

RESULTS

The profit for the year of \$315,389 exceeded the forecast result of \$303,000 included in the PDS dated 13 January 2003 and represents a substantial improvement on the loss incurred in the previous period of \$1,038,311. The previous period's result reflected the manager's objective of writing off significant one-off costs, prior to listing the Trust on the ASX, of initial establishment and ownership costs for re-establishing the Trust.

The revenue for the year increased to \$1,532,143. The increase in revenue included an increase in rental income from properties within the portfolio, together with the full year impact of interest income generated by the loan book. During the year the consolidated entity provided mezzanine funding totalling \$1,998,000 on a secured basis to related parties on commercial terms as set out in the PDS. Income from these financing activities will continue to be assessed by the Manager to supplement the Trust's income.

FINANCIAL POSITION

During the year the total assets of the Trust increased by \$23,443,038 to \$53,958,407. As part of the Trust's strategy to consolidate its property portfolio the following assets were acquired:

- Expenditure of \$11,600,827 on the construction of the Broadwater Kalgoorlie Apartment Hotel.
- The acquisition at a cost of \$2,819,618 of a further 63% interest in the Pagoda Hotel Property Syndicate (PHPS), thereby increasing the Trust's interest to 74%. PHPS owns 25 strata titled suites and 40.75% of the facilities lot at the Pagoda Hotel and Apartments.
- The acquisition of a 21.29% interest in the Broadwater Busselton Property Syndicate (BBPS) at a cost of \$1,870,000. BBPS owns 100% of Holiday Bungalows at the Bungalows Beach Resort.

These acquisitions were financed by capital raised, net of costs, of \$4,138,000 and net additional borrowings of \$13,000,000. The majority of the increase in borrowings was associated with the construction of the Broadwater Kalgoorlie Apartment Hotel.

The Trust's gearing ratio (debt divided by total tangible assets) was 44% at year end.

DISTRIBUTIONS TO UNIT HOLDERS

From 1 February 2003 distributions of income were paid or payable quarterly commencing from the quarter ended 31 March 2003 at the rate of 6.44 cents per annum on an annualised basis. The distribution paid for the quarter ended 31 March was adjusted to take into account the distributions already paid for January. The distribution payable for the quarter ended 30 June 2003 was 1.61 cents per unit and paid on 28 July 2003.

Distributions of income since 1 February 2003 have been made at the rate forecast in the January PDS and are 100% tax advantaged.

MANAGER'S REPORT

PROPERTIES IN WHICH THE TRUST HAS AN INTEREST

Dunsborough Hotel Property Syndicate

The Trust owns 49.60% of the Dunsborough Hotel Property Syndicate which owns 100% of the Dunsborough Beach Resort which is located on Caves Road, Dunsborough, Western Australia. The Resort operates at 4½ Star standard with 100 hotel rooms and apartments, conference facilities, fully licensed restaurant and bar, heated 25 metre swimming pool, spa, gymnasium, two flood lit tennis courts, barbecue and picnic area, children's playground and putting green.

The Resort is currently going through renovations and improvements to bring the property into line with the high standards of other Broadwater resorts.

The Resort is leased to Broadwater Hospitality Management Pty Ltd which operates the Resort as a "Broadwater" brand property. Broadwater Hospitality Pty Ltd assists the operator by providing expertise and experience to ensure the Resort is managed and maintained to the high Broadwater standards. Both of these companies are 100% owned by Kareelya Limited.

Kalgoorlie Apartment Hotel Syndicate

At 30 June 2003 the Trust owned 100% of the Kalgoorlie Apartment Hotel Syndicate which, in turn, owns 100% of the Broadwater Kalgoorlie Apartment Hotel.

The Kalgoorlie Apartment Hotel is located on the corner of Davidson Street and Oswald Streets in Kalgoorlie. The site is adjacent to Kalgoorlie's cinemas with other adjacent land holdings undergoing an urban revitalisation program. The Hotel was completed on 1 August 2003 and comprises 92 suites providing a mixture of hotel studios, and one and two bedroom apartments, all appointed to a 4½ star standard, plus conference, restaurant and bar facilities. The Hotel is set amongst extensive landscaped gardens and resort style facilities.

The Hotel is leased to Broadwater Hospitality Management Pty Ltd which operates the Hotel as a "Broadwater" brand property. Broadwater Hospitality Pty Ltd assists the operator by providing expertise and experience to ensure the Hotel is managed and maintained to the high Broadwater standards. The lease comprises a guaranteed base rent of \$800,000 (increased annually by CPI) and an additional rent directly linked to the financial performance of the Hotel.

The Trust is selling down its 100% interest in the Syndicate via a Product Disclosure Statement that is currently on issue and which seeks to raise up to \$7,000,000.

During the year the Kalgoorlie Apartment Hotel Syndicate made a capital distribution of \$330,000 to the Trust which was reinvested back into the Syndicate.

Broadwater Busselton Property Syndicate

During the year the Trust acquired a 21.29% interest in the Broadwater Busselton Property Syndicate. This Syndicate owns 100% of the Holiday Bungalows within the Bungalows Beach resort, a number of villas in the adjoining Broadwater Beach Resort, and retail property in the Broadwater Shopping Village.

The Bungalows Beach Resort, Broadwater Beach Resort, Broadwater Shopping Village and associated facilities and amenities comprise a magnificent collection of resort style accommodation with luxurious facilities together with adjacent commercial facilities.

MANAGER'S REPORT

Broadwater Hospitality Pty Ltd is the operator of the Bungalows Beach Resort and the Broadwater Beach Resort, which both operate under the established "Broadwater" brand name. The Syndicate currently owns 100% of the Holiday Bungalows within the Bungalows Beach Resort. The Syndicate will continue to expand its investment in the Broadwater Beach Resort and Broadwater Shopping Village. The Syndicate has specifically targeted the following acquisition within the Broadwater precinct:

- Amenities building and restaurant in the Broadwater Beach Resort.
- Shops in the Broadwater Shopping Village and the Shell Roadhouse, if and when they become available.
- Villas in the Broadwater Beach Resort, as they become available.

Pagoda Hotel Property Syndicate

At 30 June 2003 the Trust owned 74.17% of the Pagoda Hotel Property Syndicate which, in turn, owns 40.75% of the Pagoda Fixed Term Property Syndicate. The Pagoda Hotel Property Syndicate also own 25 suites in the Pagoda Hotel and Apartments. The Pagoda Fixed Term Property Syndicate owns the facilities lot in the Hotel which incorporates the bar, restaurant, kitchen and conference facilities within the Hotel.

The Pagoda Hotel and Apartments is a landmark property, located at 112 Melville Parade, Como, Western Australia. It is a quality resort hotel containing 101 strata titled accommodation suites with luxury 4.5 star facilities including spas in every suite, a heated swimming pool, gymnasium and excellent bar, conference and restaurant facilities. Broadwater Hospitality Pty Ltd is the operator of the Pagoda Hotel and Apartments.

Whilst the Perth hospitality market is currently suffering from historical low average room rates, occupancy levels are at historical highs. The manager anticipates that this investment will provide future benefits to the Trust as market conditions improve.

WPT Finance Pty Ltd

WPT Finance Pty Ltd is wholly owned by the Trust, with loans to borrowers amounting to \$4,378,523 as at 30 June 2003. During the year interest amounting to \$834,592 was received or receivable from the loan book.

Part of the loan book held by WPT Finance Pty Ltd was sold in September 2003 at book value for \$2,214,666.

The Manager will continue to assess opportunities within this wholly owned entity to provide additional revenue on wholesale investment opportunities to the Trust.

Swanview Motel Pty Ltd

The Trust currently holds 10.27% of the shares in Swanview Motel Pty Ltd (Swanview). Swanview is a special purpose property development company which will develop a vacant site in Preston Street, Como. The proposed development will be mixed use, including a cafe, professional offices and luxury residential apartments facing Melville Parade and overlooking the Swan River. The Manager is contemplating realisation of this investment in the next twelve to eighteen months.

DIVERSIFICATION AND FUTURE INVESTMENTS

The portfolio of investments held by the Trust is partially diversified in terms of the locality, size and nature of its property investments. While the Trust's current investments are primarily in the tourism and hospitality sectors, its future strategy will be to diversify its investments by pursuing opportunities in other property sectors.

MANAGER'S REPORT

The criteria Kareelya will use are as follows:

- (a) The majority of direct property assets will be located in Western Australia.
- (b) Property securities such as investments in other managed investment schemes, or listed property trusts and property investment companies, may be acquired and some of those entities may have assets located either in Australia or overseas.
- (c) Investment in property securities will only be made if Kareelya is satisfied with the quality of the management of the investment.
- (d) In acquiring further investments, Kareelya will target acquisitions that will yield income of at least 7% per annum and potential capital appreciation of at least 2% per annum.
- (e) Development opportunities may be sought, but only where Kareelya is able to closely supervise or manage the development, either itself, or through one of its associates. Any land purchased for development purposes must be purchased at or below a sworn valuation from a reputable valuer. Development will not proceed unless approvals are in place, construction costs are fixed and the development funding is available.
- (f) Kareelya's policy is to limit the amount of money invested (as opposed to the value of what has been invested) in projects where there is a development risk to a maximum of 30% of the amount invested.
- (g) The Trust may acquire interests in other investment entities managed by Kareelya, or any of its associates. This strategy will be pursued where Kareelya believes there is extra value to be obtained by moving towards control, or total ownership by the Trust of those other investment entities.
- (h) The acquisitions should not materially dilute, either the distribution yield, or the net asset backing of the Units for existing Investors.

Kareelya may change its acquisition policy at any time but it will give Investors notice of that as soon as practicable after the decision to change the policy is made.

EXPERIENCED MANAGER

Your investment is managed by Kareelya which has operated the Trust since it was established on 7 May 2001. To date, Kareelya has promoted numerous other property based managed investment schemes and has a board of directors with the necessary experience, property related skills and qualifications required to manage the Trust. Collectively, the directors bring considerable expertise to the management of direct property investments and property securities owned by the Trust.

CORPORATE GOVERNANCE

On 31 March 2003 the Australian Stock Exchange Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations (ASX Governance Principles).

The ASX Governance Principles require certain companies and trusts with effect from 1 July 2003 to disclose in their annual reports the extent to which their corporate governance practices follow the ASX Governance Principles.

The board of the Kareelya Investments Limited will review its corporate governance procedures during the 2004 financial year in light of the ASX Governance Principles.

Set out below is a summary of the main corporate governance practices of the Trust currently in place.

MANAGER'S REPORT

Compliance and control of risk

The Trust has a compliance plan that has been lodged with the Australian Securities and Investments Commission (ASIC).

Management of the Trust according to the compliance plan is intended to protect the rights and interests of unitholders and to identify and manage business risks.

The compliance plan sets out procedures relating to:

- Identifying and reporting breaches or non-compliance with the Corporations Act 2001, the compliance plan, the constitution of the Trust and the Responsible Entity's Australian Financial Services Licence;
- Compliance with the ASX Listing Rules;
- Protecting Trust property;
- Proper acquisitions and dispositions of Trust property;
- Timely collection of Trust income;
- Regular valuation of Trust property;
- Maintenance of financial and other records of the Trust to facilitate preparation of audited financial reports;
- Proper and timely distributions to unitholders;
- Compliance with the Trust's investment objectives;
- Managing investment risk;
- Managing potential conflicts of interest among the various related parties of the Trust;
- Holding and maintaining adequate insurance cover; and
- Handling of complaints relating to the Trust.

In addition to the compliance plan, Kareelya has in place a number of risk management controls which include:

- Guidelines and limits for the approval of capital and operating expenditure;
- Policies and procedures for the management of financial risk, including exposure to financial instruments and movement in interest rates; and
- An insurance and risk management programme.

Selection and Appointment of Directors

The board is conscious of the need to ensure that the board consists of and maintains an appropriate balance of skills, expertise, qualifications and experience.

Given the small size of the board and the nature of the Trust's activities, the board does not consider it is currently necessary to establish a nomination committee to assist it in the procedures for selection and appointment of new directors.

Roles of the Board and Management

The respective roles and responsibilities of the board and management are set out in the compliance plan.

The role of the board of the Responsible Entity is to monitor whether the Trust is managed in a manner which protects and enhances the interests of its unitholders and takes into account the interests of all other stakeholders.

MANAGER'S REPORT

The board has overall responsibility for corporate governance, including setting strategic direction for the Trust, establishing goals for management and monitoring the achievement of these goals. This includes:

- Adopting annual operating budgets by the Trust and Kareelya and monitoring progress against budgets;
- Monitoring and overseeing the financial position of the Trust and Kareelya;
- Determining that satisfactory arrangements are in place for auditing the financial affairs of the Trust and Kareelya;
- Determining that satisfactory policies and compliance systems are in place and that Kareelya and its officers act legally, ethically and responsibly on all matters; and
- Complying with the statutory duties and obligations as imposed by the Law.

Ethics and Conduct

Kareelya adopted a basic code of conduct which sets out minimum acceptable standards of behaviour with the intention that dealings are conducted with integrity and honesty.

Independent Professional Advice

After prior approval of the Chairman, directors may obtain independent professional advice at the expense of Kareelya on matters arising in the course of their board duties.

THE DIRECTORS

The Board of Kareelya Investments Limited operates independently from the board of the Kareelya Limited, and its members are:

Brett Leslie Jackson – Chairman and Managing Director

Brett Jackson studied accounting and valuation at the Western Australian Institute of Technology, then worked as a valuer and property manager for one of Perth's largest real estate companies. He later joined Coopers & Lybrand (now PricewaterhouseCoopers) as an accountant in their business services division.

Mr Jackson is a founding director of Kareelya Investments Limited and other related companies in the Kareelya Limited Group which commenced operations in 1986. He has served as a councillor of WA Tourism Industry Development Advisory Council. While a Councillor he was actively involved in making presentations to local and state government authorities and property developers on the best way to carry out syndicated property developments so as to protect all relevant parties.

Mr Jackson has also presented papers in Jakarta and Singapore on what safeguards and protections are available for overseas property investors in Australian property developments.

Graeme Michael Goff - Director and Company Secretary

Graeme Goff is an accountant and is the nominated Compliance and Complaints Officer for Kareelya Investments Limited.

In 1986 Mr Goff joined Coopers & Lybrand and after reaching the level of director, he joined Kareelya in 1999. Mr Goff's position with PricewaterhouseCoopers required direct involvement in administrative and compliance matters of emerging businesses, taxation planning and preparation of accounts generally. During his period of employment with Coopers and Lybrand he also managed the accounting and taxation requirements of the Kareelya Property Group and, in particular, Kareelya Investments Limited.

MANAGER'S REPORT

Raymond Leslie Andersen

Ray Andersen is a Chartered Accountant a Fellow of the Taxation Institute of Australia and he is also a member of the Committee of the Australian Direct Property Investment Association.

Mr Andersen worked with the Australian Taxation Office during the period 1970 to 1981. In 1981 he joined Coopers & Lybrand as a Manager in that Firm's Taxation Group and in 1987 he was admitted as a Partner. He remained in that role until he resigned from the firm in 1998.

While with Coopers and Lybrand, he was responsible for the management of the taxation affairs of a wide range of clients involved in the mining industry, superannuation, services to the mining industry, property development and investment, forestry operations, television as well as managing the taxation affairs of a number of high net worth individual clients.

After leaving PricewaterhouseCoopers in 1998 Ray commenced consulting to the Kareelya Property Group and in April 2002 he was appointed a director of Kareelya Investments Limited.

David Ayers Hinton

David Hinton is a Chartered Accountant and an Associate of the Institute of Chartered Secretaries. He is the Chief Operating Officer of Kareelya Limited, having commenced in this role with Kareelya in July 2003 on secondment from Futuris Corporation Limited.

Mr Hinton joined Futuris Corporation Limited in 1995 as Group Financial Controller where he was responsible for the preparation and coordination of financial information including budgets and forecasts. During this time he gained extensive financial management skills and was involved in several large corporate transactions.

Prior to joining Futuris Corporation Limited, he was a Manager with Ernst & Young and he worked for several large chartered accounting firms in the areas of audit, corporate finance and commercial accounting in Perth and London.

DIRECTORS' REPORT

The Directors of Kareelya Investments Limited (ABN 16 072 899 060), the Responsible Entity of Westralia Property Trust ("the Trust"), a managed investment scheme, submit their report.

DIRECTORS

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

B.L. Jackson	Chairman and Managing Director
G.M. Goff	Company Secretary
R.L. Andersen	
D.A. Hinton	Appointed 17 July 2003

The Directors were in office from the beginning of the year until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Trust during the year were to invest funds in income producing properties in Australia.

There has been no significant change in the nature of this activity during the period.

TRUST INFORMATION

The Trust was registered as a Managed Investment Scheme on 7 May 2001 as the WA Master Property Trust. On 30 November 2001 the name was changed to Westralia Master Property Trust and in April 2003 the name was changed to Westralia Property Trust.

Kareelya Investments Limited, the Responsible Entity, was incorporated and is domiciled in Australia. At balance date the Trust had no employees.

The registered office of the Responsible Entity is 6 Bowman Street, South Perth, Western Australia, 6151.

REVIEW OF RESULTS AND OPERATIONS

Results

The consolidated net operating profit is presented in the Statement of Financial Performance. Consolidated net profit attributable to members of the Trust was \$315,389 (2002: Loss \$1,038,311).

Distributions

A distribution of \$645,203 is paid or payable by the Trust for the financial year ended 30 June 2003 (2002: \$1,288).

From 1 February 2003 distributions of income were paid or payable quarterly commencing from the quarter ended 31 March 2003 at the rate of 6.44 cents per annum on an annualised basis. The distribution paid for the quarter ended 31 March was adjusted to take into account the distributions already paid for January. The distribution payable for the quarter ended 30 June 2003 was 1.61 cents per unit and was paid on 28 July 2003.

Distributions of income since 1 February 2003 have been made at the rate forecast in the Product Disclosure Statement dated 13 January 2003 and are 100% tax deferred.

UNITS ON ISSUE

At 30 June 2003 18,822,980 units of the Trust were on issue (2002: 13,245,000 units). During the year 5,577,980 units (2002: 13,245,000) were issued.

DIRECTORS' REPORT

TRUST ASSETS

At 30 June 2003, the Trust held assets with a total value of \$53,958,407 (2002: \$30,515,369). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

Details of fees paid or payable to the Responsible Entity and its associates out of scheme property are included in Note 18 of the financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs of the Trust during the year, other than those identified in this financial report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to year end loan books of \$2,214,666 was sold at book value to Kareelya Property Group Pty Ltd, a wholly owned entity of Kareelya Limited.

Apart from the above, there have been no matters or circumstances that have arisen since the end of the year that have significantly affected, or may affect the Trust's or the consolidated entity's operations in future financial years, the results of those operations or state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Trust will continue to take advantage of wholesale and discount investment opportunities as they arise. The investment strategy of the Trust will be maintained in accordance with its Constitution and investment objectives.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the consolidated entity are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the consolidated entity.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the Responsible Entity has paid or agreed to pay a premium in respect of a contract insuring all the directors and officers against a liability incurred in their role as directors and officers of the entity except where the liability arises from fraudulent or dishonest conduct.

The total amount of insurance contract premiums paid has not been disclosed due to a confidentiality clause in the insurance contract.

ROUNDING

The amounts contained in this report and in the financial report have been rounded off to the nearest dollar.

Signed in accordance with a resolution of the Directors of the Responsible Entity.

A handwritten signature in black ink, appearing to read 'B.L. Jackson', is written over a horizontal line.

B.L. Jackson
Chairman

Perth, 24 September 2003

STATEMENT OF FINANCIAL PERFORMANCE AND DISTRIBUTION

30 June 2003

Notes	7 May 2001 to 30 June 2002		7 May 2001 to 30 June 2002	
	Consolidated 2003	Consolidated 2002	Westralia Property Trust 2003	Westralia Property Trust 2002
	\$	\$	\$	\$
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES				
Rental income	612,147	400,718	-	-
Rental expenses	(108,674)	(101,904)	-	-
Net Property Income	503,473	298,814	-	-
Other trust revenue				
Net profit of associates accounted for using the equity method	65,633	-	-	-
Interest revenue				
- mezzanine funding – related parties	459,916	-	455,558	-
- loan book - other parties	374,676	29,941	357,484	29,919
- other	11,641	-	8,514	-
Distributions from related parties	18	-	623,126	-
Other income from ordinary activities	8,130	-	18,151	-
Auditors remuneration	(40,000)	(14,200)	(15,050)	(7,600)
Borrowing costs	4	(644,882)	(313,885)	(10,020)
Responsible entity fees	(105,730)	(85,000)	(43,000)	(80,000)
Write down of investment	-	(164,793)	-	(164,793)
Amortisation of intangibles	(52,575)	(30,750)	(10,417)	-
Selling expenses				
- commissions	(113,074)	(532,378)	(113,074)	(532,378)
- prospectus costs	-	(226,181)	-	(226,181)
Other expenses	(191,160)	(1,263)	(141,409)	(224)
NET OPERATING PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	276,048	(1,039,695)	1,002,679	(991,277)
NET LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTERESTS	39,341	1,384	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF WESTRALIA PROPERTY TRUST	315,389	(1,038,311)	1,002,679	(991,277)
Increase in asset revaluation reserve	12	1,000,000	-	-
TOTAL REVENUES, EXPENSES, AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO UNITHOLDERS, AND RECOGNISED DIRECTLY IN UNITHOLDERS FUNDS	1,000,000	-	1,002,679	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH UNITHOLDERS AS UNITHOLDERS	1,315,389	(1,038,311)	1,002,679	(991,277)
Basic and diluted earnings per unit (cents)	2.07	-	-	-

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL PERFORMANCE AND DISTRIBUTION

30 June 2003

Notes	7 May 2001 to 30 June 2002		7 May 2001 to 30 June 2002	
	Consolidated	Consolidated	Westralia Property Trust	Westralia Property Trust
	2003	2002	2003	2002
	\$	\$	\$	\$
Net profit attributable to members of the Trust	315,389	-	1,002,679	-
Transfer from asset revaluation reserve	12 329,814	-	-	-
Transfer from contributed equity	12 -	1,288	-	1,288
Undistributed income carried forward	-	-	(357,478)	-
Distributions paid or payable to members of the Trust	645,203	1,288	645,203	1,288
Distributions per unit (cents)	3.94	-	3.94	-

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION

At 30 June 2003

	Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
Current Assets					
Cash assets	14	3,449,806	1,340,552	143,001	446,769
Receivables	2	5,100,892	6,165,512	5,020,342	6,067,283
Other assets	3	254,900	491,866	29,486	442,703
Total Current Assets		8,805,598	7,997,930	5,192,829	6,956,755
Non Current Assets					
Investments					
- Properties	5	40,960,279	21,056,428	-	-
- Managed investment schemes	5	-	168,000	15,060,893	9,740,706
- Managed investment schemes accounted for using the equity method	8	2,656,763	-	-	-
- Interest bearing securities	5	-	200,000	-	200,000
- Other	5	309,426	307,500	309,428	307,500
Intangible assets	6	993,169	554,300	208,851	50,000
Other assets	3	233,172	231,211	-	-
Total Non Current Assets		45,152,809	22,517,439	15,579,172	10,298,206
TOTAL ASSETS		53,958,407	30,515,369	20,772,001	17,254,961
Current Liabilities					
Payables	9	5,617,685	947,987	369,537	577,095
Interest bearing liabilities	10	2,790,143	-	2,140,371	-
Provisions	11	404,052	-	314,550	-
Total Current Liabilities		8,811,880	947,987	2,824,458	577,095
Non Current Liabilities					
Interest bearing liabilities	10	20,640,983	10,455,481	1,060,983	4,425,431
Total Non Current Liabilities		20,640,983	10,455,481	1,060,983	4,425,431
TOTAL LIABILITIES		29,452,863	11,403,468	3,885,441	5,002,526
NET ASSETS		24,505,544	19,111,901	16,886,560	12,252,435
Unitholders' Funds					
Contributed equity	12	17,520,361	13,243,712	17,520,361	13,243,712
Reserves	12	670,186	-	-	-
Accumulated losses		(1,038,311)	(1,038,311)	(633,801)	(991,277)
Total parent entity interest in equity		17,152,236	12,205,401	16,886,560	12,252,435
Outside equity interest	13	7,353,308	6,906,500	-	-
TOTAL UNITHOLDERS' FUNDS		24,505,544	19,111,901	16,886,560	12,252,435

The accompanying notes form part of the financial statements

STATEMENT OF CASH FLOWS

At 30 June 2003

		7 May 2001 to 30 June 2002	7 May 2001 to 30 June 2002		
	Notes	Consolidated 2003 \$	Consolidated 2002 \$		
		Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$		
CASH FLOWS FROM OPERATING ACTIVITIES					
Rent received		684,656	349,902	-	-
Interest received		436,865	590,146	494,930	590,125
Distribution received		77,042	-	293,126	-
Other receipts		8,130	-	18,151	-
Responsible Entity fees paid		(105,730)	(85,000)	(43,000)	(80,000)
Interest & borrowing costs paid		(359,074)	(542,696)	(128,815)	(8,523)
Payments for property expense		(108,674)	-	-	-
GST Received		1,009,422	-	-	-
GST paid		(1,155,984)	-	(10,642)	-
Other expenses paid		(299,429)	(828,306)	(296,623)	(775,439)
NET OPERATING CASH FLOWS	14(a)	187,224	(515,954)	327,127	(273,835)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property		(9,449,825)	(20,964,988)	-	-
Proceeds from sale of investments		288,926	-	288,926	706,370
Proceeds from sale of loan book		3,459,189	-	3,172,733	-
Purchase controlled entity	14(d)	(1,214,687)	-	(1,214,687)	-
Purchase of investments		(1,871,926)	(675,500)	(2,250,415)	(17,162,206)
Intangible assets		-	(460,050)	-	(50,000)
Loan to related parties		(1,998,000)	-	-	-
Loans to controlled entities		-	-	(2,166,442)	-
Repayment of advances from related parties		401,600	-	350,000	-
NET INVESTING CASH FLOWS		(10,384,723)	(22,100,538)	(1,819,885)	(16,505,836)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from issue of units		3,587,112	13,245,000	3,587,112	13,245,000
Unit issue costs		(920,842)	-	(920,842)	-
Distributions paid		(421,906)	(1,288)	(205,547)	(1,288)
Equity from outside equity interests		-	700,554	-	-
Proceeds from borrowings		12,423,149	10,012,778	1,089,027	3,982,728
Repayment of borrowings		(2,360,760)	-	(2,360,760)	-
NET FINANCING CASH FLOWS	12	12,306,753	23,957,044	1,188,990	17,226,440
NET INCREASE/(DECREASE) IN CASH HELD		2,109,254	1,340,552	(303,768)	446,769
Add opening cash brought forward		1,340,552	-	446,769	-
CLOSING CASH CARRIED FORWARD	14(b)	3,449,806	1,340,552	143,001	446,769

NOTES

30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the Trust's Constitution and the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of property investments, which are recorded at fair value.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Westralia Property Trust (the parent entity) and all entities which Westralia Property Trust controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity had control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-entity balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Certain property investments are held via joint ownership arrangements. These joint ownership arrangements include the ownership of units in single purpose unlisted syndicates over which Westralia Property Trust exercises significant influence but does not control those syndicates.

(c) Investment properties

Investment Properties

Investment properties comprise freehold and leasehold land and hotel buildings (including integral plant and equipment owned or leased) held for the purpose of accretion of wealth by way of letting to produce rental income and capital appreciation.

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset. Accounting standard AASB 1021 "Depreciation" does not require investment properties to be depreciated. Accordingly, the buildings and components thereof (including plant and equipment) are not depreciated. Taxation allowances for building, plant and equipment depreciation are declared as tax advantaged components of distributions.

Where a property is acquired during the reporting period and not revalued at balance date, the costs of acquisition are capitalised and included in the book value of the property.

Where a property is undergoing development, it is carried at the latest valuation with subsequent additions at cost. Included in the cost of development are the capital additions, borrowing costs, other financing charges, and related professional fees.

Valuations

Investment properties are carried at fair value in accordance with the revised AASB 1041 "Revaluation of Non-Current Assets". In addition, the Trust's Constitution requires independent valuations to be performed at intervals of not more than three years. These valuations are considered by the Directors of the Responsible Entity when determining fair value.

In determining fair values, the expected net cash flows have been discounted to their present value using a market determined risk adjusted rate discount rate applicable to the respective asset.

Revaluation increments are credited directly to the asset revaluation reserve, unless it reverses a previous revaluation decrement charged as an expense in determining operating profit in respect of that same class of asset, in which case the increment is credited to operating profit.

Where an asset has been revalued, the potential effect of the capital gains tax ("CGT") on disposal has not been taken into account in determination of the revalued carrying amount because the Trust does not expect to ultimately be liable for the CGT in respect of the assets.

Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the assets at the time of disposal and the proceeds on disposal and is included in the Statement of Financial Performance in the year of disposal.

NOTES

30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment in associates

The consolidated entity has adopted the equity method of accounting for investments in accordance with AASB1016 "Accounting for Investments in Associates".

Interests held by Westralia Property Trust in associated syndicates or companies are carried by the parent entity at fair value. Fair value is based on the net tangible asset backing of the associate at the end of each reporting period.

(e) Valuation of investments other than property

Specifically, investment asset classes are valued on the following basis:

Managed investment schemes

Non-current investments in managed investment schemes held by the Trust are valued at cost. The carrying amount of these investments are reviewed by the directors to ensure it is not in excess of their recoverable amount. The recoverable amount is determined by the directors with reference to the market value of a unit in the scheme.

Interest bearing securities

The net market value of bank accepted bills, promissory notes, negotiable certificates of deposit, corporate bonds, indexed bonds and government bonds is determined by reference to the last available market sales price of the securities on the recognised exchange platform through which they are ordinarily traded.

Interest bearing securities that are not traded frequently are valued at a Directors' valuation, which is based on the quoted market price of securities with similar terms and maturity. Where appropriate, price adjustments will be made to reflect the relative risk premium attached to specific issues of interest bearing securities.

Other

Other non-current investments are valued at cost. The carrying amount of these investments are reviewed by the directors to ensure it is not in excess of their recoverable amount. The recoverable amount is determined by the directors with reference to net tangible asset backing of the investment.

(f) Intangibles

Intangibles include scheme formation costs and Product Disclosure Statement preparation costs. Scheme formation costs are valued at cost and are amortised over the term of the Syndicate or twenty years, whichever is the lesser period. Product Disclosure Statement preparation costs are amortised over the life of the Product Disclosure Statement for a period not in excess of 12 months.

(g) Investment revenue

Revenue from rents, interest and distributions are recognised to the extent that it is probable that the consolidated benefits will flow to the entity and the revenue can be reliably measured.

Contingent rentals are recognised as revenue in the period in which they are earned.

Incidental revenues (and related costs) derived from an investment property undergoing construction or development but not directly related to bringing the asset to the location and working condition of an investment property are recognised in the operating profit for the period and included in their respective classifications of revenue and expense in the Statement of Financial Performance.

(h) Cash assets

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes deposits held at call with a bank or financial institution.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(i) Receivables

Receivables include amounts where settlement has not yet occurred less any provision for non-recovery.

(j) Payables

Payables are recognised for amounts to be paid in the future for goods received and services rendered, and including outstanding settlements on the purchase of investments and distributions payable together with any accrued interest

(k) Interest bearing liabilities

Interest bearing liabilities are carried at the principal or face value amount. Interest is charged as an expense as it accrues.

NOTES

30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation

Under current legislation, the Trust is not subject to income tax provided the unitholders are presently entitled to the income of the Trust and the Trust fully distributes its taxable income.

(m) Distributions

In accordance with the Trust's Constitution, the Trust fully distributes its distributable income to unitholders. Distributable income includes capital gains arising from the disposal of investments.

(n) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- Receive income distributions,
- Attend and vote at meetings of unitholders, and
- Participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unitholder are identical in all respects.

(o) Goods and services tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of the Goods and Services Tax ("GST") to the extent that GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition or an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable.

Cash flows are included in the Statement of Cash Flow on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(p) Deferred borrowing expenses

Deferred borrowing expenses consist of bank fees and other costs incurred to obtain facilities. Deferred Borrowing Facilities are valued at cost and amortised over the period of the finance facility.

(q) Contributed equity

Contributed equity of the Westralia Property Trust is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of units in the Trust are recognised directly in unitholders funds as a reduction in contributed equity.

(r) Comparative Figures

Where necessary comparative figures have been adjusted to conform with changes in the presentation in the current year.

NOTES

30 June 2003

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
2. RECEIVABLES				
Trade debtors	42,868	-	-	-
Sundry debtors	263,035	43,098	2,063	17,378
Interest receivable	416,466	7,068	55,000	7,068
Rent receivable	-	72,509	-	-
	<u>722,369</u>	<u>122,675</u>	<u>57,063</u>	<u>24,446</u>
Secured loans	2,380,523	6,207,630	-	6,207,630
Provision for non-recovery	-	(164,793)	-	(164,793)
	<u>2,380,523</u>	<u>6,042,837</u>	<u>-</u>	<u>6,042,837</u>
Amounts other than trade debtors receivable from related parties:				
Controlled entities	-	-	4,963,279	-
Wholly owned entity of ultimate parent entity	1,825,000	-	-	-
Associated entities	173,000	-	-	-
	<u>5,100,892</u>	<u>6,165,512</u>	<u>5,020,342</u>	<u>6,067,283</u>
Terms and conditions relating to the above financial instruments:				
(i) Trade debtors are non interest bearing and generally on 30 day terms				
(ii) Sundry debtors are non interest bearing and have a repayment date between 30 and 90 days				
3. OTHER ASSETS				
Current				
Prepaid interest – commercial bills	223,898	491,866	-	442,703
Prepayments	31,002	-	29,486	-
	<u>254,900</u>	<u>491,866</u>	<u>29,486</u>	<u>442,703</u>
Non Current				
Deferred borrowing expenses	555,156	337,810	-	-
Accumulated amortisation	(321,984)	(106,599)	-	-
	<u>233,172</u>	<u>231,211</u>	<u>-</u>	<u>-</u>
4. BORROWING COSTS				
Amortisation of deferred borrowing expenses	142,890	-	-	-
Interest expense				
- Other	1,049,047	313,885	137,204	10,020
- Related parties	13,868	-	-	-
	<u>1,205,805</u>	<u>313,885</u>	<u>137,204</u>	<u>10,020</u>
Capitalised to properties	(560,923)	-	-	-
Total borrowing costs expensed	<u>644,882</u>	<u>313,885</u>	<u>137,204</u>	<u>10,020</u>

NOTES

30 June 2003

5. INVESTMENTS	Notes	Consolidated	Consolidated	Westralia	Westralia
		2003	2002	Property Trust	Property Trust
		\$	\$	2003	2002
				\$	\$
(a) Property investments					
Broadwater Hotel property investments:					
Dunsborough Beach Resort		19,182,039	18,684,960	-	-
Kalgoorlie Hotel Apartments		15,004,060	2,371,468	-	-
Pagoda Hotel & Apartments		6,774,180	-	-	-
		<u>40,960,279</u>	<u>21,056,428</u>	-	-

(b) Movements in property investments

Description	Acquisition date	Acquisition cost \$	Capital additions \$	Revaluations \$	Date of latest independent valuation	Latest independent valuation \$	Fair value	
							2003 \$	2002 \$
Dunsborough Beach Resort	September 2001	18,684,960	497,079	-	May 2001	25,000,000 (i)	19,182,039	18,684,960
Kalgoorlie Hotel Apartments	June 2002	2,371,468	11,632,592	1,000,000	June 2003	19,500,000 (ii)	15,004,060	2,371,468
Pagoda Hotel & Apartments	March 2003	-	6,774,180	-	March 2003	6,730,000 (iii)	6,774,180	-
		<u>21,056,428</u>	<u>18,903,851</u>	<u>1,000,000</u>			<u>40,960,279</u>	<u>21,056,428</u>

(i) Valuation performed by Ray White Valuers WA. Valuation is a replacement valuation.

(ii) Valuation performed by Ray White Valuers WA. Valuation is an "on completion" valuation.

(iii) Valuation performed by Ray White Valuers WA. Valuation is on an "in one line" basis.

(c) Managed investment schemes	Notes	Consolidated	Consolidated	Westralia	Westralia
		2003	2002	Property Trust	Property Trust
		\$	\$	2003	2002
				\$	\$
Dunsborough Hotel Property Syndicate		-	-	7,003,406	6,989,706
Kalgoorlie Apartment Hotel Syndicate		-	-	3,330,000	2,583,000
Pagoda Hotel Property Syndicate		-	168,000	2,857,487	168,000
Broadwater Busselton Property Syndicate		1,832,347	-	1,870,000	-
Pagoda Fixed Term Property Syndicate		824,416	-	-	-
	7,8	<u>2,656,763</u>	<u>168,000</u>	<u>15,060,893</u>	<u>9,740,706</u>
(d) Interest bearing securities					
Secured debenture		-	200,000	-	200,000
(e) Other					
WPT Finance Pty Ltd		-	-	2	-
Swanview Motel Pty Ltd		309,426	307,500	309,426	307,500
		<u>309,426</u>	<u>307,500</u>	<u>309,428</u>	<u>307,500</u>

NOTES

30 June 2003

Notes	Consolidated	Consolidated	Westralia Property Trust	Westralia Property Trust
	2003	2002	2003	2002
6. INTANGIBLE ASSETS	\$	\$	\$	\$
Formation and Product Disclosure Statement costs	1,076,494	585,050	219,268	50,000
Accumulated amortisation	(83,325)	(30,750)	(10,417)	-
	<u>993,169</u>	<u>554,300</u>	<u>208,851</u>	<u>50,000</u>

7. INTEREST IN CONTROLLED ENTITIES

- at fair value

Name	Equity interest held by consolidated entity		Westralia Property Trust	
	2003	2002	2003	2002
	%	%	\$	\$
Dunsborough Hotel Property Syndicate (i)	49.60	50.27	7,003,406	6,989,706
Kalgoorlie Apartments Hotel Syndicate	100.00	100.00	3,330,000	2,583,000
Pagoda Hotel Property Syndicate	74.17	N/A	2,857,487	-
WPT Finance Pty Ltd	100.00	N/A	2	-
			<u>13,190,895</u>	<u>9,572,706</u>

(i) Entity considered to be a controlled entity as the Trust is a major unit holder.

	Consolidated	Consolidated	Westralia Property Trust	Westralia Property Trust
	2003	2002	2003	2002
	\$	\$	\$	\$
8(a) INVESTMENTS IN ASSOCIATES				
Carrying amount of investments in associates:				
Balance at beginning of year	168,000	-	-	-
- carrying amount of investment in associate acquired during the year	2,668,142	-	-	-
- share of associates net profit	65,663	-	-	-
- share of distributions received	(77,042)	-	-	-
- investment in associate now treated as controlled entity	(168,000)	-	-	-
Carrying amount of investments in associates at end of the financial year	<u>2,656,763</u>	-	-	-

	Balance Date	Ownership interests held by Consolidated Entity		Westralia Property Trust Consolidated Entity	
		2003	2002	2003	2002
				\$	\$
8(b) INVESTMENTS IN ASSOCIATES					
Broadwater Busselton Property Syndicate	30 June	21.29%	-	1,832,347	-
Pagoda Fixed Term Property Syndicate	30 June	40.75%	11.00%	824,416	-
				<u>2,656,763</u>	-

8(c) PRINCIPAL ACTIVITIES

Broadwater Busselton Property Syndicate	Resort Investment
Pagoda Fixed Term Property Syndicate	Ownership of Facilities Lot –Pagoda Hotel & Apartments

8(d) SHARE OF ASSOCIATES' ASSETS AND LIABILITIES

Current assets	114,602	-
Non current property investment	4,533,527	-
Non current intangibles	34,612	-
Total assets	<u>4,682,741</u>	-
Current liabilities	85,219	-
Non current liabilities	1,940,759	-
Net assets	<u>2,656,763</u>	-

NOTES

30 June 2003

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
9. PAYABLES				
Interest revenue received in advance	176,828	567,276	-	567,276
Trade creditors	2,639,989	380,711	129,855	9,819
Amount owing to controlled entities	-	-	11	-
Due to wholly owned controlled entity of ultimate holding company	217,251	-	-	-
Due to controlled entity of ultimate holding company	1,599,700	-	-	-
Due to Responsible Entity	641,158	-	37,716	-
Due to ultimate holding company	298,410	-	201,955	-
Due to director related entity	44,349	-	-	-
	<u>5,617,685</u>	<u>947,987</u>	<u>369,537</u>	<u>577,095</u>

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non interest bearing and generally on 30 day terms
- (ii) Details of the terms and conditions of related party payables are set out in note 18

10. INTEREST BEARING LIABILITIES

Current

Debentures

- Unsecured (i)	246,795	-	-	-
- Secured (ii)	559,924	-	354,924	-
Mortgage loan (iii)	1,426,721	-	1,426,721	-
Due to director related entities	556,703	-	358,726	-
	<u>2,790,143</u>	<u>-</u>	<u>2,140,371</u>	<u>-</u>

Terms and conditions relating to the above financial instruments:

- (i) Debentures unsecured have no fixed repayment date with 7% interest paid monthly in arrears.
- (ii) Debentures, secured are secured by a floating charge over the assets of WPT with various repayment dates between July and August 2003.
- (iii) The mortgage loan is secured by a floating charge over the assets of WPT and has an interest rate of 16% (2002:16%). This loan has been repaid after year end from funds advanced by the ultimate parent entity and its controlled entities on a secured basis on commercial terms.

NOTES

30 June 2003

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
10. INTEREST BEARING LIABILITIES (CONT'D)				
Non Current				
Amounts payable to:				
- Responsible Entity	-	40,694	-	10,644
- Associated Entities	-	1,089,787	-	1,089,787
	-	1,130,481	-	1,100,431
Bank loans secured	19,580,000	6,000,000	-	-
Mortgage loan	-	3,000,000	-	3,000,000
Debentures	1,060,983	325,000	1,060,983	325,000
	20,640,983	10,455,481	1,060,983	4,425,431
Terms and conditions relating to the above financial instruments:				
Bank Loans are secured by a first registered mortgage over the property of the respective syndicate as follows:				
Dunsborough Hotel Property Syndicate (Facility expires June 2006)	6,000,000	6,000,000	-	-
Kalgoorlie Apartment Hotel Syndicate (Facility expires June 2006)	10,000,000	-	-	-
Pagoda Hotel Property Syndicate (Facility expires February 2006)	3,580,000	-	-	-
Total bank loans secured	19,580,000	6,000,000	-	-
Debentures are secured by a floating charge over the assets of WPT, have an interest rate of 10%, and have various expiry dates between July 2004 and March 2006.				
11. PROVISIONS				
Accruals	101,002	-	11,500	-
Distribution payable	303,050	-	303,050	-
	404,052	-	314,550	-

NOTES

30 June 2003

Notes	Consolidated 2003 Number	Consolidated 2002 Number	Westralia Property Trust 2003 Number	Westralia Property Trust 2002 Number
12. UNITHOLDERS' FUNDS				
(a) Units on issue				
Units on issue as at beginning of the year	13,245,000	-	13,245,000	-
Units issued during the year	5,577,980	13,245,000	5,577,980	13,245,000
Units on issue as at the reporting date	<u>18,822,980</u>	<u>13,245,000</u>	<u>18,822,980</u>	<u>13,245,000</u>
(b) Contributed equity	\$	\$	\$	\$
Balance beginning of year	13,243,712	-	13,243,712	-
Units issued during the year	5,197,491	13,245,000	5,197,491	13,245,000
Capital raising costs	(920,842)	-	(920,842)	-
Transfer (to) Statement of Distribution	-	(1,288)	-	(1,288)
Closing balance	<u>17,520,361</u>	<u>13,243,712</u>	<u>17,520,361</u>	<u>13,243,712</u>
(c) Asset revaluation reserve				
Balance at beginning of the year	-	-	-	-
Revaluation increments	1,000,000	-	-	-
Transfer (to) accumulated losses	(329,814)	-	-	-
Closing balance	<u>670,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
(d) Accumulated losses				
Balance beginning of year	(1,038,311)	-	(991,277)	-
Net profit/(loss)	315,389	(1,038,311)	1,002,679	(991,277)
Transfer from reserve	329,814	-	-	-
Transfer (to) Statement of Distribution	(645,203)	-	(645,203)	-
Closing balance	<u>(1,038,311)</u>	<u>(1,038,311)</u>	<u>(633,801)</u>	<u>(991,277)</u>
13. OUTSIDE EQUITY INTEREST (OEI)				
Opening balance	6,906,500	-		
Add: OEI acquired	500,000	-		
Add: units issued to OEI	205,828	6,909,172		
Less: share of operating loss	(39,341)	(1,384)		
Less: distributions	(219,679)	(1,288)		
Closing balance	<u>7,353,308</u>	<u>6,906,500</u>		

NOTES

30 June 2003

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
14. STATEMENT OF CASH FLOWS				
(a) Reconciliation of operating profit to net cash flow from operations:				
Net profit attributable to members	315,389	(1,038,311)	1,002,679	(991,227)
Distribution reinvested	-	-	(330,000)	-
Equity accounted revenue	(65,633)	-	-	-
Distribution revenue from associates	77,042	-	-	-
Amortisation of formation expenses	52,575	30,750	10,417	-
Amortisation of borrowing cost	142,890	106,599	-	-
Write down in value of investments	-	164,793	-	164,793
(Increase)/decrease in receivables	(599,634)	(75,266)	(32,617)	(24,445)
(Increase)/decrease in prepayments	(31,002)	-	-	-
Capitalised interest	(144,851)	(337,810)	-	-
(Increase)/decrease in prepaid interest	267,963	-	-	-
Increase/(decrease) amount received in advance	(117,181)	567,276	(294,009)	567,276
Increase/(decrease) in creditors	289,666	66,015	(29,343)	9,768
Net operating cash flow	<u>187,224</u>	<u>(515,954)</u>	<u>327,127</u>	<u>(273,835)</u>
(b) Reconciliation of cash				
Cash at bank	354,580	-	7,864	-
Cash on deposit				
Pagoda Hotel Property Syndicate (i)	160,000	-	-	-
Kalgoorlie Apartment Hotel Syndicate (ii)	2,800,089	-	-	-
Monies held on 24 hour call	135,137	1,340,552	135,137	446,769
Closing cash balance	<u>3,449,806</u>	<u>1,340,552</u>	<u>143,001</u>	<u>446,769</u>
(i) Security deposit required as part of banking arrangements				
(ii) Monies held to fund future building progress payments of which \$1,518,000 is included in payables.				
(c) Financing facilities				
Total facilities used – Bank loans	19,580,000	6,000,000	-	-
Total facilities unused - Bank loans	1,000,000	-	-	-
Total facilities available -Bank loans	<u>20,580,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>
Each facility is specific to the controlled entity concerned.				
(d) Acquisition of controlled entities				
Pagoda Hotel Property Syndicate holding increased from 11.14% to 74.17% on 31 March 2003.				
Cash	128,920	-	-	-
Receivables	17,780	-	-	-
Other assets	50,803	-	-	-
Properties	5,143,876	-	-	-
Investments	809,050	-	-	-
Intangible assets	94,325	-	-	-
Total Assets	<u>6,244,754</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payables	(122,136)	-	-	-
Interest bearing liabilities	(2,635,000)	-	-	-
Fair value of assets acquired	<u>3,487,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Attributable to outside equity interest	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,987,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Consideration (cash and units in WPT)	2,987,618	-	-	-
Units issued	(1,476,011)	-	-	-
Investment owned at beginning of year	(168,000)	-	-	-
Cash included in net assets purchased	<u>(128,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash paid for controlled entity net of cash acquired	<u>1,214,687</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES

30 June 2003

14. STATEMENT OF CASH FLOWS (CONT'D)

(e) Non Cash Financing Activities

A distribution reinvestment plan ("DRP") allows unit holders to elect to re invest their distribution back into new units of the Trust. The issue price of units under the DRP is the closing market price of units on the day before the distribution is declared. The value of distributions re invested in the year to 30 June 2003 was \$135,318 which resulted in the issuance of 141,251 units.

The latest date for receipt of an election notice for participation in the DRP is the record date which is the last business day of each quarter.

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
15. AUDITOR'S REMUNERATION				
Amounts received or due and receivable by RSM Bird Cameron for:				
- audit or review of financial report	24,450	11,400	15,050	5,700
- other services	85,294	3,800	78,845	1,900
	109,744	15,200	93,895	7,600
16. EARNINGS PER UNIT				
Basic earnings per unit (cents)	2.07	-		
Diluted earnings per unit (cents)	2.07	-		
17. NET ASSET BACKING PER UNIT				
Basic net asset backing per unit (\$)	0.86	0.88		

Earnings per unit is calculated by dividing the Net profit attributable to members of the parent entity by the weighted number of ordinary units on issue during the year. The weighted number of units in the calculation of earnings per unit is 15,236,183.

Basic net asset backing per unit is calculated by dividing the equity attributable to members of Westralia Property Trust by the number of ordinary units on issue at year end

18. RELATED PARTY DISCLOSURES

(a) Responsible Entity

The Responsible Entity of Westralia Property Trust is Kareelya Investments Limited, whose immediate and ultimate parent entity is Kareelya Limited.

Kareelya Limited and its wholly owned entities own 53.95% of Westralia Property Trust. Mr B Jackson has a 22% interest in Kareelya Limited.

(b) Directors

The Directors of Kareelya Investments Limited at the date of this report were:

B.L. Jackson (Chairman)
G.M. Goff
R.L. Andersen
D.A. Hinton appointed 17 July 2003

(c) Related party transactions

All related party transactions are conducted on normal commercial terms and conditions. Related party receivables and payables, unless otherwise stated, are unsecured, receivable or payable within 30 days and do not bear interest.

(d) Wholly-owned group transactions

Loans made by Westralia Property Trust to wholly owned entities are interest free, unsecured and repayable on demand.

NOTES

30 June 2003

18. RELATED PARTY DISCLOSURES (CONT'D)

(e) Fees

Transactions between Westralia Property Trust and Kareelya Investments Limited result from normal dealings with that company as the Scheme's Responsible Entity. Kareelya Investments Limited is the holder of an Australian Financial Services Licence.

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
The following fees were paid or payable to the responsible entity during the year:				
Management fee	105,730	85,000	43,000	80,000
Administrative fee for preparation of Product Disclosure Statement for Westralia Property Trust	316,507	-	316,507	-
Administrative fee for the establishment of the Kalgoorlie Apartment Hotel Syndicate including preparation of Product Disclosure Statement and acquisition fee for purchase of the property	602,042	175,000	-	50,000
Administrative fees for the preparation of Product Disclosure Statement and acquisition fees for the purchase of properties for Broadwater Busselton Property Syndicate	238,690	-	-	-
Administrative fees in respect of the Pagoda Hotel Property Syndicate including preparation of the Product Disclosure Statement	15,000	-	-	-
Administrative fees in respect of the establishment of the Dunsborough Hotel Property Syndicate	-	415,000	-	-
Total paid or payable to the responsible entity	1,277,969	675,000	359,507	130,000
The following fees were paid to wholly owned entities of Kareelya Limited:				
Project management for the renovations to the Dunsborough Beach Resort	79,378	53,309	-	-
Project management fees for the construction of Kalgoorlie Hotel Apartments	850,000	-	-	-
Total fees paid to wholly owned entities of Kareelya Limited	2,207,347	728,309	359,507	130,000

(f) Other related party transactions

Advances

A wholly owned entity of Westralia Property Trust has provided \$1,825,000 (2002: nil) of mezzanine finance to Bunbury Silos Limited, a wholly owned entity of Kareelya Limited. This loan is secured, repayable on demand and accrues interest at 15% per annum. At 30 June 2003 principal and interest of \$1,960,337 is owing.

A wholly owned entity of Westralia Property Trust has provided \$173,000 (2002: nil) of mezzanine finance to the Broadwater Busselton Property Syndicate, an associated entity. This loan is unsecured, repayable on demand and accrues interest at 15% per annum. Principal and interest owing at 30 June 2003 is \$174,720. An application fee of \$13,945 has also been charged and is included in receivables. This receivable is unsecured, interest free and repayable.

NOTES

30 June 2003

18. RELATED PARTY DISCLOSURES (CONT'D)

Repayment of advances

Pagoda Hotel Property Syndicate, a controlled entity, has repaid \$210,000 advanced to it by Kareelya Capital Pty Ltd, a director related entity of which Mr B. Jackson is a director and shareholder and Mr G. Goff is a director. The loan is unsecured and repayable on demand. Interest accrues at 7% per annum with \$5,142 the expense for the year. Balance at 30 June 2003 is \$197,977 and is included in interest bearing liabilities. This loan was advanced prior to Westralia Property Trust gaining control of this syndicate.

A wholly owned controlled entity of Kareelya Limited advanced \$217,251 (2002: nil). This loan is unsecured, repayable on demand and is interest free. This amount is included in payables.

Broadwater Bungalows Pty Ltd, a director related entity of Mr B. Jackson advanced \$44,349 (2002: nil). This loan is unsecured, repayable on demand and is interest free. This amount is included in payables.

Batavia Coast Marina Pty Ltd, an associated entity of Kareelya Limited and a director related entity of Mr B. Jackson advanced \$500,000 (2002: nil) during the year to Westralia Property Trust of this amount \$150,000 was repaid. This loan is unsecured, repayable on demand and accrues interest at 15% per annum. Balance at 30 June 2003 is \$358,726. Interest expense for year was \$8,726.

Interest revenue

During the year interest and finance charges of \$381,256 (2002: nil) were charged to wholly owned entities of the ultimate holding company. Interest and finance charges of \$78,660 (2002: nil) for the consolidated entity and \$74,332 (2002: nil) for Westralia Property Trust were charged to director related entities.

Rental income

During the year controlled entities of Westralia Property Trust were entitled to rental income and reimbursement of outgoings of \$559,907 (2002: \$400,718) which was received or receivable from the hospitality manager of the property, an entity wholly owned by the ultimate parent entity. This rental is receivable under a lease agreement between the parties.

Distribution received

The following distributions were received or receivable by Westralia Property Trust:

	\$
Kalgoorlie Apartment Hotel Syndicate (i)	332,031
Dunsborough Hotel Property Syndicate	206,378
Broadwater Busselton Property Syndicate	84,717
	<u>623,126</u>

(i) Westralia Property Trust elected to re invest this distribution in the syndicate.

Provision of loan book facility

A wholly owned entity of Westralia Property Trust has provided loan book finance on commercial terms to purchasers of syndicate lots in the Dunsborough Hotel Property Syndicate.

During the year the loan book held by Westralia Property Trust was transferred to a wholly owned entity at book value.

Subsequent to year end, \$2,214,666 of loan book receivables were sold to Kareelya Property Group Pty Ltd at book value. Kareelya Property Group Pty Ltd is a wholly owned entity of Kareelya Limited.

Loan to controlled entity

During the year a controlled entity advanced \$400,000 (2002: nil) to a partially owned controlled entity. This loan is unsecured, repayable on demand and accrues interest at 15% per annum. Principal and interest receivable at 30 June 2003 is \$409,219

During the year a controlled entity advanced \$20,560 to a partially controlled entity. This loan is unsecured, repayable on demand and interest free.

Settlement of Lot 4 Davidson Street Kalgoorlie

During the year the purchase of Lot 4 Davidson Street Kalgoorlie, the site for the Kalgoorlie Apartment Hotel. The purchase involved the acquisition of land, buildings and work in progress by the Kalgoorlie Apartment Hotel Syndicate from a controlled entity of the ultimate holding company, for \$4,013,260. Of this amount \$1,599,700 remains outstanding at 30 June 2003 and is included in payables. This amount is unsecured, interest free and repayable on demand. The price was based on an independent valuation and agreement between the parties.

Letter of Credit

During the year Caversham Property Pty Ltd, a shareholder of the ultimate holding company has provided a \$1,500,000 Letter of Credit to bankers of Kalgoorlie Apartment Hotel Syndicate on commercial terms as part of the overall construction finance facilities.

NOTES

30 June 2003

18. RELATED PARTY DISCLOSURES (CONT'D)

Loan Agreement

On 30 June 2003 a controlled entity entered into a loan agreement with Swanview Motel Pty Ltd, an associated entity of Kareelya Ltd and a director related entity of which Mr B. Jackson is a director and shareholder to advance \$250,000 at an interest rate of 10% per annum. This loan is secured by a fixed and floating charge over the assets of the company. The loan is repayable in December 2004.

(g) Equity instruments of Directors

Interests in the equity instruments held by the director, director related entities or associates:	Units 2003
B.L. Jackson – ultimate holding company and controlled entities	10,154,223
B.L. Jackson – other	21,000
R.L. Anderson	2,400
G.M. Goff	4,800
D.A. Hinton	-

During the year the following transactions occurred in relation to the equity instruments of directors:

- (i) the ultimate holding company and controlled entities participated in the distribution re investment plan;
- (ii) other directors in their capacity as unitholders received distributions.

(h) Investments

Details of investments in the Trust by the Responsible Entity, and its ultimate parent entity and its controlled entities:

	Number of units held at balance date	% Interest held	Number of units acquired during period	Number of units disposed of during period	Distribution paid or payable by scheme \$
Kareelya Limited	7,954,223	42.2%	88,560	3,634,337	124,244
Kareelya Investments Limited	2,000,000	10.6%	2,000,000	-	-
Solon Capital Pty Ltd	200,000	1.1%	200,000	-	-

19. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective interest rate of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

2003	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate			Non interest bearing	Total
			Within 1 year	1 to 5 years	Over 5 years		
	%	\$	\$	\$	\$	\$	
Financial asset							
Cash	3.20	3,449,806	-	-	-	-	3,449,806
Trade debtors	-	-	-	-	-	42,868	42,868
Sundry debtors	-	-	-	-	-	263,035	263,035
Interest receivable	-	-	-	-	-	416,466	416,466
Secured loan	10.45	-	-	-	2,380,523	-	2,380,523
Related party	15.00	-	1,998,000	-	-	-	1,998,000
Total financial assets		3,449,806	1,998,000	-	2,380,523	722,369	8,550,698
Financial liabilities							
Interest in advance	-	-	-	-	-	176,828	176,828
Trade creditors	-	-	-	-	-	2,639,989	2,639,989
Related parties	-	-	-	-	-	2,800,868	2,800,868
Interest bearing liabilities - current:							
Debentures	9.02	-	806,719	-	-	-	806,719
Related parties	8.38	-	556,703	-	-	-	556,703
Mortgage loan	16.00	-	1,426,721	-	-	-	1,426,721
Interest bearing liabilities – non current:							
Loans	7.11	5,580,000	-	14,000,000	-	-	19,580,000
Debentures	10.00	-	-	570,000	490,983	-	1,060,983
Provisions	-	-	-	-	-	404,052	404,052
Total financial liabilities		5,580,000	2,790,143	14,570,000	490,983	6,021,737	29,452,863

NOTES

30 June 2003

19. FINANCIAL INSTRUMENTS (CONT'D)

2002	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate			Non interest bearing	Total
			Within 1 year	1 to 5 years	Over 5 years		
	%	\$	\$	\$	\$	\$	
Financial Asset							
Cash	-	1,340,522	-	-	-	-	1,340,522
Receivables:							
Sundry debtors	-	-	-	-	-	43,098	43,098
Interest receivable	-	-	-	-	-	7,068	7,068
Rent receivable	-	-	-	-	-	72,509	72,509
Secured loan	10.45	-	-	-	6,042,837	-	6,042,837
Related party	-	-	-	-	-	-	-
Total financial assets		1,340,522	-	-	6,042,837	122,675	7,506,034
Financial liabilities							
Interest in advance	-	-	-	-	-	567,276	567,276
Trade creditors	-	-	-	-	-	380,711	380,711
Interest bearing liabilities:							
Related parties	-	-	-	1,130,481	-	-	1,130,481
Loans	6.49	6,000,000	-	-	-	-	6,000,000
Mortgage loan	16.00	-	-	3,000,000	-	-	3,000,000
Debentures	10.00	-	-	325,000	-	-	325,000
Total financial liabilities		6,000,000	-	4,455,481	-	947,987	11,403,468

(b) Fair values

The carrying values of the entity's financial assets and financial liabilities included in the Statement of Financial Position approximate their fair values.

Refer to note 1 for methods and assumptions adopted in determining fair values of investments.

(c) Credit risk exposure

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of financial asset and financial liability is the carrying amount of those instruments as indicated in the Statement of Financial Performance.

The entity minimises exposure to credit risk in relation to receivables by obtaining security over property or syndicate interests as well as dealing with a number of counter parties. The majority of these counter parties are concentrated in Western Australia.

NOTES

30 June 2003

Notes	Consolidated 2003 \$	Consolidated 2002 \$	Westralia Property Trust 2003 \$	Westralia Property Trust 2002 \$
20. LEASES				
All property owned by the consolidated entity is or will be leased to the hotel operator, Broadwater Hospitality Management Pty Ltd or Broadwater Hospitality Pty Ltd under operating leases.				
Future minimum rental revenues under non-cancellable operating leases are as follows:				
- not later than one year	1,503,333	426,810	-	-
- later than one year and not later than five years	8,150,000	4,150,000	-	-
- later than five years	8,010,000	5,580,000	-	-
Total	17,663,333	10,156,810	-	-

21. CAPITAL COMMITMENTS

Estimate capital expenditure contracted for at 30 June 2003 but not provided for, payable

- not later than one year	4,527,433	-	-	-
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22. PRINCIPAL ACTIVITY

The principal activity of the Trust is investment in income producing properties located in Australia.

23. SEGMENT REPORTING

The Trust operates wholly within Australia and derives rental income from property and related investments.

24. CONSOLIDATED DEPENDENCY

100% of rental income is received from Broadwater Hospitality Management Pty Ltd and Broadwater Hospitality Pty Ltd, who are controlled entities of the ultimate holding company.

25. SUBSEQUENT EVENTS

Part of the loan book, \$2,214,666, was sold to Kareelya Property Group Pty Ltd, a wholly owned entity of the ultimate parent entity, in September 2003. The loan book was sold at book value.

The financial effect of this sale has not been recognised in this financial report.

Apart from this, there have been no matters or circumstances that have arisen since the end of the year that have affected or may affect the Trust's or the consolidated entity's operations in the future financial year, the result of those operations or state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Responsible Entity, Kareelya Investments Limited, I state that:

In the opinion of the Directors:

- a) The financial statements and notes of the Trust and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date ; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board
Kareelya Investments Limited
ABN: 16 072 899 060

A handwritten signature in black ink, appearing to read 'B.L. Jackson', is written over a horizontal line. The signature is stylized and includes a large 'B' at the beginning.

B.L. Jackson
Chairman

Perth, 24 September 2003

RSM Bird Cameron Partners

Chartered Accountants

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Independent Audit Report to the Unitholders of Westralia Property Trust

Scope

We have audited the financial report of Westralia Property Trust for the year ended 30 June 2003, as set out on pages 12 to 32. The financial report includes the consolidated financial statements of the consolidated entity comprising Westralia Property Trust and the entities it controlled at the year's end or from time to time during the year. The Responsible Entity's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements, statutory requirements in Australia, and the provisions of the Scheme's Constitution, so as to present a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position and performance as represented by the results of their operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Westralia Property Trust is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Trust's and the consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;
- (b) other mandatory professional reporting requirements in Australia; and
- (c) the provisions of the Trust's Constitution

Perth, WA
Dated: 25 September 2003

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants
J A KOMNINOS
Partner

33

'Liability is limited by the Accountants'
Scheme pursuant to the NSW
Professional Standards Act 1994'

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 30 965 165 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.

UNITHOLDER INFORMATION

Substantial Unitholders

The number of units held by the Trust's substantial unitholder as at 31 August 2003:

Kareelya Limited	7,862,820 units
Kareelya Investment Limited	2,035,778 units

Distribution of Unitholders

Range of Holdings	Holders	Units	%
1 - 1,000	3	664	-
1,001 - 5,000	218	608,918	3.20%
5,001 - 10,000	117	766,454	4.02%
10,001 - 100,000	148	4,079,675	21.41%
100,001 - over	24	13,603,482	71.38%
Total	513	19,059,193	100.00%
Unitholders holding less than a marketable parcel	3	664	

Voting Rights

Each fully paid unit carries voting rights of one vote per unit. All units issued are fully paid.

Twenty Largest Shareholders As at 31 August 2003

The names of the 20 largest unitholders are:

Name	Units	%
Kareelya Limited	7,862,820	41.25
Kareelya Investments Limited	2,035,778	10.68
C.E. & M.M. Dawson	351,202	1.94
P.V. & E. Hughes	270,000	1.42
K. & M. Dilley	240,000	1.26
B.S. & E.A. Franken	234,900	1.23
E.R. Bana	221,281	1.16
Solon Capital Pty Ltd	203,578	1.07
A.C. & R.A. Bleachmore	200,000	1.05
G.C. & C.A. Bleachmore	200,000	1.05
Tara Superannuation Fund	200,000	1.05
L.L. Williams	154,897	0.81
P.D. Phiong	144,000	0.81
M.M. & P.G. Norton	143,207	0.75
Dr K.H. Liem & Dr L. Djuanda	137,000	0.72
C.O. Brindley	125,000	0.66
M.L. Getley	118,483	0.62
A.C. & N.J. Knight	110,641	0.58
K. Malcolm	110,641	0.58
A.J. & J.H. Thomson	110,641	0.58
Total	13,174,069	69.12

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