

WESTRALIA PROPERTY TRUST



PRODUCT DISCLOSURE STATEMENT



KAREELYA
INVESTMENTS LIMITED

MANAGED BY: KAREELYA INVESTMENTS LIMITED ACN 072 899 060
WESTRALIA PROPERTY TRUST ARSN 096 588 046

NOTICE

This Product Disclosure Statement (PDS) is dated 14 April 2004, and was lodged with the Australian Securities and Investments Commission (ASIC) on 14 April 2004. ASIC and the Australian Stock Exchange (ASX) and their respective officers take no responsibility for the contents of this PDS or the merits of the Offer.

The Offer closes on 24 May 2004 unless the Responsible Entity elects to close the Offer early or extends it, which it may do at its discretion and without notice.

Neither the Responsible Entity, the Custodian nor their associates or directors guarantee the performance or success of the Offer, the repayment of capital or any particular rate of capital or income return.

The Custodian is not the issuer of this PDS and has not prepared this PDS. The Custodian makes no representation and takes no responsibility for the accuracy or truth of any statement or omission from any part of this PDS.

An electronic version of this PDS appears at the following website www.westrاليpropertytrust.com.au. Persons receiving a copy of this PDS in electronic form may obtain a paper copy, free on request, by contacting the Responsible Entity on 08 9368 8200. The Offer under this PDS is available to persons receiving the PDS within Australia (whether or not the PDS indicates it is available to persons in other countries).

This PDS contains important information however it does not take into account your investment objectives, financial situation or particular needs. Accordingly, before you invest you should read this PDS carefully in its entirety and, if required, obtain independent legal and financial advice.

No person is authorised to give any information or to make any representation in connection with the Offer or the Units which is not contained in this PDS. No such information or representation may be relied upon as having been authorised by the Responsible Entity in connection with the Offer.

Information contained in this PDS may change from time to time. If the change will be materially adverse, then in accordance with the Corporations Act, we will issue a supplementary PDS. However, if the change will not be materially adverse to the Offer, then we may not issue a supplementary PDS. Updated information will be continually available from our website at www.westrاليpropertytrust.com.au and upon request we will provide you with a paper copy of any updated information free of charge.

Throughout the PDS certain defined terms are used. Defined terms appear in the glossary in Section 15 of this PDS.

The assets depicted in photographs in this PDS are, or will become assets in which the Trust has, or will have an indirect interest unless otherwise stated.

LETTER FROM THE DIRECTORS

14 April 2004

Dear Investor,

Westralia Property Trust became an ASX Listed Property Trust (LPT) on the 10th April 2003. The directors' strategy is for the Trust to become a boutique LPT, with a balanced property portfolio. The directors understand the Western Australian property market and believe Western Australia's economic performance and demographic growth will provide strong future opportunities for the Trust.

This Offer will raise a minimum of \$30,000,000 to acquire the City Central building at 166 Murray Street Perth for \$56,200,000. This property is a significant asset within the Perth CBD retail precinct.

The above acquisition will significantly change the Trust's profile, income and asset base. The Trust currently is predominantly reliant on tourism assets for income and future growth. The new acquisition will provide the Trust with 20% of its income from government tenants, 12% from Woolworths with tourism in future providing less than 25% of the Trust's income.

The Offer of Units is at a price below the Trust's net tangible assets (NTA) which the directors believe will attract strong market support. While this may be dilutionary to existing Unit holders, it provides all Unit holders with significant benefits as the Trust moves closer to its targeted NTA of \$100,000,000.

The directors also intend to realise the tourism portfolio to improve future distributions and provide funds for new acquisitions.

The Trust has a Distribution Reinvestment Plan, which allows you to reinvest your tax advantaged distributions in the future growth of the trust (see section 3.9 for further details).

Each director of the Responsible Entity has consented to the lodgement of this Product Disclosure Statement with ASIC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brett Jackson', with a large, sweeping flourish underneath.

Brett Jackson
Chief Executive Officer
Kareelya Investments Limited

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SECTION 1 OFFER HIGHLIGHTS

THE OFFER

The Trust	The Trust is a Western Australian based property trust listed on the ASX. As responsible entity of the Trust, Kareelya Investments Limited, intends to grow the Trust in accordance with the investment criteria set out in the Section 5.6 of this PDS.
Purpose of the Offer	To raise \$30,000,000 to enable the Trust to settle the purchase of the retail/office building known as City Central situated at 166 Murray Street, Perth, Western Australia (the Property). The Trust will have the ability to raise up to \$5,000,000 in oversubscriptions.
What is the Offer	The issue of 41,666,667 New Units in the Trust at \$0.72 per Unit.
Minimum Investment	\$5,000 and then in multiples of \$1,000.

IMPACT ON THE TRUST

Diversification	Acquisition of the Property will assist in further diversifying the Trust's property investments.
Size	Following acquisition of the Property, the Trust will increase in size by 212% resulting in \$112,357,000 of total assets.
Liquidity	Liquidity in the market for Units on the ASX should increase as a result of the Offer and the issue of New Units.
Units on Issue	The number of Units on issue will increase from 19,597,597 to 61,264,264.
Net Asset Backing	The Net Asset Backing for the Trust will be \$0.74 per Unit following closure of the Offer. This equates to \$1.03 for each \$1.00 invested under this PDS.

PROPERTY FUNDAMENTALS

Yield	The Property is to be acquired on a yield of 7.5% at a purchase price of \$56,200,000. The independent valuation in Section 8 supports this purchase price.
Tenancy	The lease profile of the Property is a mix of retail and offices including leases to Federal and State Government departments, Woolworths and a number of other well known tenants, backed by a 1 year rental guarantee from the vendor.
Premier Location	Located on the north side of the Murray Street Mall, adjacent to the Myer department store and opposite the David Jones department store, the Property is positioned in a prime location in Perth's premier retail business district.

INVESTOR RETURNS

Forecast Yield	<p>Forecast annualised distribution rate from the Closing Date to 30 June 2004 is 6.44 cents per unit.</p> <p>Forecast distribution rate for the financial year ending 30 June 2005 is 6 cents per unit providing an 8.3% yield for New Units.</p> <p>Please refer to Section 6 of this PDS for full details of the forecasts and the assumptions on which they are based.</p>
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SECTION 2 KEY FEATURES AND BENEFITS

2.1 Overview

You are invited to apply for Units in the Westralia Property Trust which is listed on the Australian Stock Exchange. The responsible entity of the Trust is Kareelya Investments Limited. The Trust currently owns a portfolio of quality property based investments weighted towards the tourism sector (the Existing Portfolio). Of the funds raised under this PDS, \$30,000,000 will be applied towards the acquisition of the retail/office building known as City Central located at 166 Murray Street, Perth, Western Australia. The Property will be acquired by the Murray Street Mall Property Trust (MSMPT), a unit trust wholly owned by the Trust. Details of the Property and the Existing Portfolio are contained in Section 5.

Kareelya confirms that the acquisition of the Property is consistent with the Trust's investment strategy detailed in the Trust's first PDS dated 13 January 2003 and also in Section 5.6 of this PDS.

Acquisition of the Property is a significant step towards further diversifying and growing the Trust's investments and it is intended that the Trust will acquire further property based investments. However, where possible, Kareelya will maintain an emphasis on investment in Western Australia with management of the Trust continuing to be based in Western Australia.

2.2 ASX listed

Following the successful fundraising under the Trust's first PDS, the Trust's Existing Units were listed on the ASX on 10 April 2003.

Within seven days of the date of this PDS, Kareelya will apply to the ASX for the New Units to be listed for quotation on the ASX. Subject to approval being granted, quotation of the New Units is expected to commence within two business days of the Allotment Date. If official quotation of the New Units is not obtained, all Application Money will be refunded. The New Units when quoted will be a different class to the Existing Units and have a separate ASX code until the ex-distribution date for the June 2004 quarterly distribution when they will rank equally with the Existing Units.

2.3 Important dates

EVENT	DATE
Offer opens	14 April 2004
Closing Date for Applications	24 May 2004
Allotment of New Units to Applicants	31 May 2004
Trading of New Units as a separate class	2 June 2004
Trading of all Units as the same class	1 July 2004
First quarterly distribution period for New Units	1 July 2004 to 30 September 2004

Note: These dates are indicative only and are subject to change. Kareelya has the right to close the Offer early or extend the Closing Date without notice. Other dates may also be changed, therefore, Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens.

2.4 Diversity

The Trust's income currently comes from its ownership of interests in four separate property syndicates and trusts and a finance company that lends money secured against property related interests. These investments are collectively described in this PDS as the Existing Portfolio. Additional information about the Existing Portfolio is provided in Section 5.5.

The Trust's current investments are primarily in the tourism and hospitality sectors. In contrast, the Property is a quality retail/office building in the central retail precinct of Perth. The Property will therefore complement the further diversification of the Trust's property investments. The Trust will continue to actively pursue the acquisition of other quality commercial property investments, including office, retail and industrial properties.

2.5 Investment strategy

While the Trust's Existing Portfolio is weighted towards the tourism sector, its investment strategy is to diversify its Portfolio into other property sectors and to reduce its investment in tourism based property. Please refer to Section 5.6 for more detail on the criteria applied to considering further investments. The acquisition of the Property has been rated by independent rating agencies and Kareelya confirms that the Property fits within the Trust's investment criteria.

2.6 Regular distributions to Investors

The Trust is forecast to make distributions to Investors acquiring New Units on a quarterly basis as follows:

Year end 30 June	2005
Distribution per Unit	6 cents per annum
Distribution yield	8.3 cents per annum
Tax advantaged	100%

- This table is based on the New Unit price of 72 cents.
- New Units will be entitled to distributions from the quarter commencing on 1 July 2004.
- The forecast distribution of 6 cents per Unit equates to a distribution yield of 8.3% for New Units.
- For an explanation of the term "tax advantaged" see Section 9 - Taxation Information.
- A distribution reinvestment plan is available to Investors, please see Section 3.9 for more information.
- Section 6 of this PDS provides full details of the forecasts and the assumptions on which they are based.

2.7 Eligible for superannuation funds

Investment in the Trust is structured to allow self-managed and complying superannuation funds to invest. However, Applicants should review the constitution or trust deed of their superannuation fund to ensure that an investment in the Trust can be made. If in doubt, Investors should obtain their own professional advice.

2.8 Experienced manager

Your investment will be 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 investments and has a board of directors with the necessary experience; property skills and qualifications required to manage the Trust. Collectively, the directors bring considerable expertise to the management of the direct property investments and property securities owned by the Trust. Section 10.5 provides a summary of the qualifications and experience of the directors of Kareelya.

2.9 Trust Debt

While Kareelya has the power to borrow on behalf of the Trust, it is Kareelya's intention to keep Trust borrowings to the lowest possible level. In this regard Kareelya intends to keep any direct borrowings by the Trust to a loan to value ratio of 35% or less. Any direct borrowings by the Trust will be structured so lenders have no recourse to Investors or their personal assets.

The underlying entities in which the Trust has invested contain various levels of debt that, in each case, are significantly below the loan to value ratios of up to 75% permitted under each entity's constitution. The levels of debt in the underlying entities are taken into account when determining the extent of any borrowings by the Trust to enable it to make further investments.

Where there is debt in an underlying entity, security for the debt is limited to the assets in that entity and there is generally no recourse to the Trust. However, the Trust has provided a guarantee of \$1,000,000 in respect of a bank loan to the Kalgoorlie Apartment Hotel Syndicate. It will also provide a guarantee of up to \$16,500,000 in respect of the bank loan to MSMPT. Although lenders to underlying entities may have recourse to the Trust they will not have recourse to Investors or their personal assets.

2.10 Limited Liability

The Constitution contains provisions designed to limit each Investor's liability to the amount invested in the Trust. However, Australian courts have not finally determined the issue of whether such a clause in the constitution of a trust limits the liability of investors to this extent.

2.11 Taxation Benefits

Kareelya forecasts that all of the income to be distributed by the Trust in the period ending 30 June 2004 and for the year ending 30 June 2005 will be tax advantaged. For example, if an Investor receives a distribution of \$1,000 in the period ending 30 June 2005, then the Investor will not pay any income tax on that amount in respect of that tax year.

However, Investors should note that the amount of the tax-advantaged distribution reduces the cost base of the Investor's Units for capital gains tax purposes. Therefore, it will have to be taken into account at the time the Units are disposed of, or the Trust is wound up. At that time and provided the Investor or superannuation fund held their Units for at least 12 months, capital gains tax may be payable by individual Investors and trusts in respect of 50% (or 66.67 % for complying superannuation funds), of the amounts previously claimed as being tax advantaged if the Units are sold for more than their original cost price.

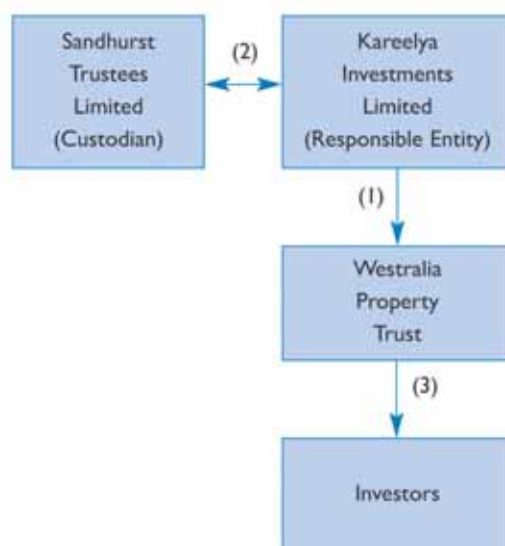
Investors should read Section 9 in full which explains the taxation consequences of investing in the Trust.

Note: The information in this Section of the PDS only represents a summary of the Offer. Applicants who wish to participate in the Offer should read the PDS in its entirety, and obtain their own independent advice about the benefits of investing in the Trust.

SECTION 3 DETAILS OF THE OFFER

3.1 Structure of the Trust

Investors will be investing in an ASX listed property trust that has the following structure:



- (1) Kareelya is the responsible entity of the Trust and therefore performs the day-to-day management of the Trust for the benefit of Investors.
- (2) The Custodian is appointed by Kareelya as its agent to hold the Portfolio, including the units in MSMPT, and the other assets of the Trust in its name as custodian for the Trust.
- (3) The Investors are the beneficiaries of the Trust and share in the net income of the Trust in proportion to the number of Units each Investor holds, compared to the total number of Units on issue.

3.2 History of the Trust

The Trust was established on 7 May 2001 and was listed on the ASX on 10 April 2003. At the date of listing the Trust had 18,754,745 Units on issue. At the date of this PDS the Trust has 19,597,597 Units on issue. Kareelya owns 10.82% of the Existing Units in the Trust and the parent company of Kareelya, Kareelya Limited, owns 41.81% of the Existing Units. Of the Existing Units, 13,954,800 were issued at a price of \$1.00 per Unit, 4,799,945 Units were issued at a price of \$0.92 per Unit under the Trust's first PDS and the balance of 842,852 Units have been issued at various prices under the DRP.

Since the Trust was established, it has acquired the Existing Portfolio of assets described in Section 5.5.

3.3 Purpose of the Offer

This Offer is being made to the public with the funds raised being applied to settle the purchase of the Property by MSMPT. The Offer is for New Units in the Trust and therefore none of the Existing Units are offered for sale under this PDS.

3.4 Growth strategy

Kareelya's strategy for the Trust is to acquire further property investments in accordance with the investment criteria explained in Section 5.6.

3.5 Minimum subscription

The minimum subscription under this Offer is \$30,000,000. Kareelya will accept up to \$5,000,000 in oversubscriptions. If Kareelya receives oversubscriptions, these funds will be used to reduce the bank debt on the Property. Given that current interest rates being paid by the Trust are approximately the same as the Trust's distribution rate, the use of oversubscriptions to retire Trust debt is not expected to have a material effect on distributions to Investors.

Units in the Trust are being offered at a price of \$0.72 per Unit and the minimum amount of Application Money you can pay to acquire Units is \$5,000 and thereafter in multiples of \$1,000.

Kareelya will issue Units to Applicants on the Allotment Date. In the event that Investors pay more than \$35,000,000 in Application Money before the Closing Date, Units will be issued on a first in first allotted basis. If your application is not accepted, either in part or in full, or the minimum subscription is not reached then your Application Money (or part), less any bank fees will be refunded to you.

3.6 CHESS

Kareelya participates in CHESS, which is operated by the ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of the ASX. Kareelya operates an issuer-sponsored sub-register and ASTC operates an electronic CHESS sub-register. The issuer sponsored sub-register and CHESS sub-register, together, make up the Trust's register of Investors.

This means that Kareelya will not issue Unit certificates to Investors. Instead, and as soon as practical after allotment, Investors will receive statements which will set out the number of Units allocated to them. The statements will also set out each Investor's unique Holder Identification Number (HIN), in the case of a holding on the CHESS sub-register, or Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

Investors on the issuer-sponsored sub-register will be provided with periodic statements from the Registry showing any change in their holdings of Units. Investors may request a statement at any time, although Kareelya may charge an administration fee for additional statements.

3.7 Investors' rights and benefits

Investors have the following rights and benefits as holders of Units in the Trust:

- (a) the right to a proportionate beneficial interest in the Trust assets equal to the number of the Investor's Units as a proportion of the total number of Units issued by the Trust. However, a Unit does not confer an interest in any particular part of the Trust assets, nor does it entitle an Investor to require any part of the Trust's assets to be transferred to the Investor;
- (b) the right to receive distributions of income;
- (c) the right to attend and vote at meetings of the Trust;
- (d) the right to participate in the winding up of the Trust; and
- (e) the right to receive reports each six months from Kareelya including a statement of the financial position of the Trust.

3.8 Distribution policy

Kareelya makes distributions quarterly. However, considering the short period between the allotment of New Units under this Offer and the Trust's ex-distribution date for the quarter ending 30 June 2004, it is a term of this Offer that New Units will not participate in the distribution for the quarter ending 30 June 2004. New Units will rank equally with the Existing Units for the distribution period commencing 1 July 2004 and for subsequent periods.

Distributions will be made by electronic transfer within 28 days after the end of the quarter to which the distribution relates, to a bank account nominated by the Investor. Kareelya will give adequate notice to Investors if it proposes to change the distribution policy. If a change in policy occurs, distributions will be made no less often than every six months. Investors should note that distributions which are forecast for the Trust are not guaranteed.

3.9 Distribution reinvestment plan

The Trust offers a Distribution Reinvestment Plan (DRP) which allows Investors to reinvest their distributions into new units in the Trust. Participation in the DRP will enable the Trust to retain income and assist it with its growth prospects.

Under the rules of the DRP, Investors may reinvest the distributions for all, or some of their Units. If an Investor only wants to reinvest the distribution in respect of some of their Units, then they should show the percentage of their Units they want to participate in the DRP in the appropriate box on the Application Form.

The price of Units issued under the DRP will be the closing market price of the Units on the day before the distribution is declared. Kareelya has discretion to apply a discount of up to 10% of the market price in issuing Units under the DRP.

Investors who participate in the DRP should note that the Trust may in the future make distributions that are not 100% tax advantaged. If that occurs Investors should note that the part of any distribution that is not tax advantaged and which is reinvested into more Units, may be subject to taxation depending on the Investor's own circumstances. As no cash is received in respect of those Units, Investors may need to fund any such tax liability from their own resources.

The rules for the DRP and how it works can be obtained from the Trust's website at www.westrاليapropertytrust.com.au.

Investors who do not participate in the DRP may suffer a dilutionary effect on future distributions and in respect of the percentage of the Trust they own.

3.10 Cooling-off

There are no cooling off rights for Investors as Kareelya will be applying to list the New Units on the ASX.

3.11 Underwriting

The Offer is not underwritten.

3.12 Complaints resolution

If Investors have a complaint about the performance of Kareelya, or in respect of any other matter relating to the Trust, they are entitled to have their complaint dealt with in a proper, efficient and timely manner. The Constitution sets out how complaints can be made and how Kareelya must respond to them.

If an Investor has a complaint, they should notify Kareelya in writing. Once the complaint is made, Kareelya must acknowledge the complaint within 5 business days and then respond to the Investor in writing within 14 days of the acknowledgement in an attempt to resolve the issue. If a satisfactory resolution cannot be achieved, then the Investor can refer their complaint to the Financial Industry Complaints Service (FICS), which is an external complaints resolution service, or take whatever other action the Investor believes is appropriate.

Contact details for FICS are:

Financial Industry Complaints Service Limited
 PO Box 579
 Collins Street West
 Melbourne Vic 8007
 Telephone: 1300 780 808

Before you contact FICS, you should try to resolve your concern with Kareelya directly.

3.13 Application of proceeds from the Offer

OFFER DETAILS	
Minimum Application Money	\$5,000
Additional investments above \$5,000	Multiples of \$1,000
Unit price for this Offer	\$0.72 per Unit*
Distribution frequency	Quarterly**
Existing Units at the date of this PDS	19,597,597

*The price per Unit for this Offer was determined in accordance with the Constitution as the closing market price of the Units on the ASX the day before the date of this PDS.

**New Units will be entitled to distributions from 1 July 2004 therefore the first distribution in relation to New Units will be paid within 28 days of 30 September 2004.

	Minimum subscription
Units offered under this PDS	41,666,667
Expected total number of Units on closure of Offer	61,264,264
Source of funds:	
Cash from Applications	\$30,000,000
Cash from loan facility	\$33,000,000
	\$63,000,000
Application of funds:	
Purchase price of the Property	\$56,200,000
Expenses of the Offer	\$1,967,000
Stamp duty, settlement costs and acquisition fees	\$4,451,000
Borrowing costs	\$252,000
Working capital	\$130,000
Total	\$63,000,000
Net Asset Backing at close of Offer:-	
Cents per Unit at a purchase price of \$0.72	\$0.74
Per \$1.00 invested under this PDS	\$1.03

Note: The Net Asset Backing per Unit calculation takes into consideration the financial position of all of the Units in the Trust, not just the New Units. The reference to value per \$1.00 invested is the result of converting the cents per Unit figure for the Net Asset Backing to a cents per \$1.00 invested amount as follows: $\$0.74/\$0.72 \times 100 = \$1.03$. Refer to Section 6 for details of the forecast financial position of the Trust following the Offer being filled.

Please note that in addition to an acquisition fee, Kareelya is entitled to other ongoing fees in relation to its operation of the Trust. For full details on the fees payable to Kareelya please refer to section 11 of this PDS.

SECTION 4 HOW TO INVEST IN THE TRUST

4.1 Application Money

Pending allotment of the New Units, Application Money will be held on trust for Applicants in a designated bank account in the name of the Custodian. Interest will accrue on that Application Money and will form part of the income of the Trust for ultimate distribution to Investors.

4.2 Application Form

An application to invest in the Trust must be made on the Application Form included in, or accompanied by this PDS. The Application Money must accompany Application Forms. See Section 16 of this PDS for a guide on how to complete the Application Form included with this PDS.

4.3 Non-acceptance of Application Forms

Kareelya has the right to accept or reject any Application, either in part or in full, without giving any reason. If an Application is rejected, Kareelya will refund the payment, together with interest less any bank fees.

4.4 Cheques

Cheques should be made payable to "Sandhurst Trustees Limited – Westralia Property Trust" and crossed not negotiable.

4.5 Allotment

Units will be allotted at Kareelya's discretion. If Applicants apply for more Units than are on offer, Kareelya may allot a lower number of New Units than applied for, or not accept a particular application.

Kareelya intends to allot New Units on the Allotment Date.

4.6 Where to send your Application Forms

Completed Application Forms and cheques should be mailed or delivered as follows:

Mail to: Westralia Property Trust – Public Offer
c/-Computershare Investor Services
GPO Box D182
Perth WA 6001

Deliver to:- Westralia Property Trust – Public Offer
c/-Computershare Investor Services
Level 2, 45 St George's Terrace
Perth WA 6000

SECTION 5 THE PORTFOLIO

5.1 Overview

The Trust's Existing Portfolio is currently weighted towards tourism properties. This property sector is where Kareelya established itself as a market leader with extensive experience in the construction and ongoing management of the tourism properties it has developed. The Trust, while retaining a level of investment in tourism, has an investment strategy to acquire properties in other property sectors such as retail, commercial and industrial to provide a fully diversified property portfolio. Details of the Trust's investment strategy and criteria for investment are set out in Section 5.6. In pursuit of this growth and diversification strategy, Kareelya has contracted to acquire the Property.

5.2 The Property – 166 Murray Street, Perth

Murray Street Mall Property Trust

MSMPT is a unit trust wholly owned by the Trust. Kareelya, as trustee of MSMPT, will acquire the Property.

Description

The Property, known as City Central, comprises a modern shopping centre/office building complex opened in July 2002. The Property has a total net lettable area of approximately 13,336 square metres with 27 basement car parking bays and is built over a total site area of approximately 3,740 square metres. The main tenants of the Property are Woolworth's, Fitness First, Crazy Clarks, Centrelink, Department of Training and the Commonwealth Department of Immigration and Multicultural and Ethnic Affairs (DIMIA) which provide a unique exposure to retail and commercial office from the one property.

**City Central
166 Murray Street, Perth
(View from Murray Street)**



The building is built over five main levels including lower ground, ground, and three upper levels. Located on the lower ground level is Fitness First and one retail tenancy. Located at the rear are 27 basement car parking bays and a rear loading dock for Woolworth's, each of which have access off Wellington Street.

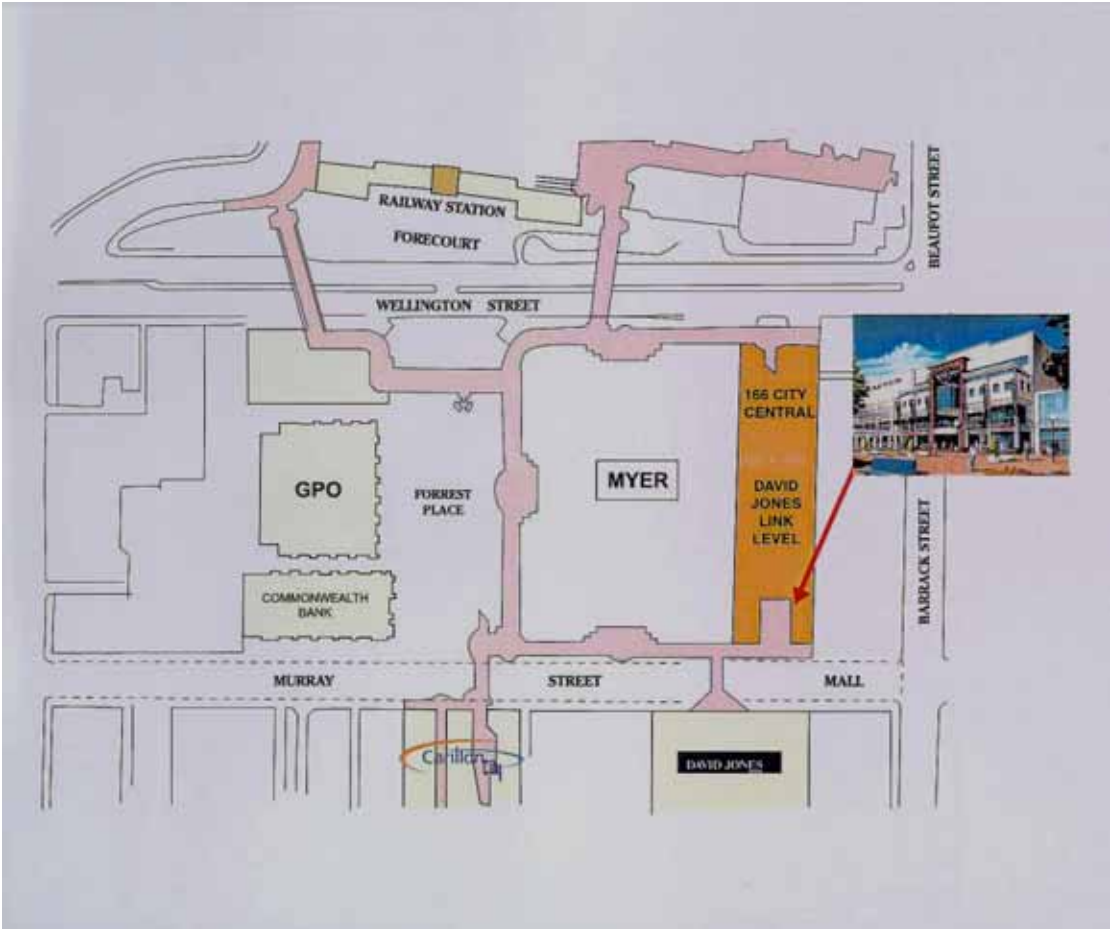
The ground level comprises Woolworth's, ten retail tenants and two ATMs with access off the Murray Street Mall. Escalators and a lift provide access to all levels from the central access point on the ground level.

The first floor level comprises ten tenants plus an ATM and an internal mall which also provides access to the adjoining Myer and David Jones department stores by pedestrian bridges and a balcony. Also located on this level is a foyer with escalator, and lift lobby with exclusive use lifts servicing the commercial offices on levels two and three which are largely occupied by government tenants such as DIMIA, Department of Training and Centrelink.

Location

The Property is located approximately 100 metres to the south east of the Perth Railway Station with frontage to both Murray Street and Wellington Street within the main retail precinct of the Perth CBD. The Property has connection through to the adjoining Myer department store via external pedestrian bridges which provides benefits because of the heavy pedestrian flow. The latest REIWA Perth CBD retail pedestrian survey conducted in May 2003 indicates approximately 3,520 pedestrians pass through the Property's arcade over a two hour period during peak times making it one of the busiest localities in terms of pedestrian flow within the Perth CBD.

Location Map



Surrounding properties comprise retail properties including the adjoining Forrest Chase Myer department store and the newly refurbished David Jones department store, as well as other arcades, which connect Murray Street to Hay Street including Piccadilly Arcade and Carillion City Arcade. The Hay Street and Murray Street Malls and the major arcades that link these two malls, provide the main focus of the CBD retail area.

Tenancy Information

The main tenants of the Property are Woolworth’s, Fitness First, Crazy Clarks, Centrelink, Department of Training and DIMIA.

The Woolworths lease is for 20 years commencing from 17 February 2002 and covers a net lettable area of 2,139 square metres. The lease agreement with Woolworths provides for a base rental with turnover rent payable above a turnover of \$21,200,000. Woolworths’ turnover in the first full year of operation of \$24,200,000 was a strong performance. Turnover figures to date show a 15% increase over the corresponding periods in the previous year and assuming this trend continues a turnover of some \$28,000,000 in this financial year to 30 June 2004 is forecast.

The lease to DIMIA commenced on 1 April 2002 for an 8 year period covering a total area of 4,818 square metres. The lease provides for annual 5% fixed increases and there is a tenant option for a further 3 years.

There are 2 retail vacancies on level 1 which, if leased, would contribute around 3% of the gross income of the Property. The Property is subject to a vendor rental guarantee for a period of 12 months following settlement, which guarantees a net rental for the guarantee period of \$4,200,000. The forecast net rental income from the Property for the first 12 months following settlement is in excess of the guarantee amount. Therefore, based on the forecast net rental income from the Property the guarantee may not be required to be called upon.

The Property was opened in July 2002 therefore it has a relative new lease profile which provides the Property with an average lease term of 9.8 years.



Tenant Lease Summary

Tenant (Type)	Area sqm	Lease Start	Lease Term Years	Option Years	Gross Rental ⁽¹⁾	Reviews	Expense Recov. Type	% Net Prop Income
Government Departments (Commercial Office)								
DIMIA	4,818	Apr 2002	8	3	\$1,290,020	Annual fixed 5%	Gross	22.5%
Centrelink	365	Mar 2003	5	3 + 3	\$65,664	Annual fixed 5%	Net	1.2%
Department of Training	365	Mar 2003	5	3 + 3	\$65,664	Annual fixed 5%	Net	1.2%
Woolworths (Retail)	2,139	Feb 2002	20	10+10	\$530,000 Plus turnover ⁽²⁾	Base plus turnover. Base reviewed every 5th year	Gross ⁽³⁾	12.9%
Crazy Clarks (Retail)	1,459	Jul 2002	7	7+7	\$350,000	Annual fixed 4%	Gross	6.8%
Fitness First (Retail)	1,912	Mar 2002	12	5+5	\$422,883	CPI Min 3% Max 7%	Rates and taxes only ⁽⁴⁾	9.6%
Other (Retail)(5)	2,278	2002	4-5	Mostly 5+5	\$1,903,000 ⁽⁶⁾	Mostly CPI	Mix of gross and net	45.8%

- (1) Rent in relation to the tenancy area only. Does not include property expense recoveries, parking income, signage income or any other income.
- (2) Turnover rental 2.50% from \$1 up to \$25,000,000, 2.0% of turnover \$25,000,000 to \$30,000,000, 1.75% of turnover \$30,000,000 to \$35,000,000, 1.50% of turnover over \$35,000,000 less the base rent.
- (3) Increase of outgoings over the base year, with non statutory outgoings capped at 5%.
- (4) Tenant pays proportionate share of statutory outgoings only.
- (5) This represents some 20 retail specialty tenants.
- (6) Does not include likely rental on 2 vacant tenancies.

Perth CBD Retail

The development of City Central has seen the addition of a supermarket to the Perth CBD for the first time in many years. Woolworths has traded very well and is being used by inner city residents for major weekly shopping trips as well as city workers for smaller shopping requirements.

There has been significant growth in inner city residential living followed, in part, by the redevelopment of East Perth. More recently, areas surrounding the CBD such as the Mount Street precinct verging on Kings Park and the Adelaide Terrace precinct to the east of the Perth CBD have experienced strong residential development growth. There are further planned residential developments within the Perth CBD and its surrounding precincts.

There are a number of initiatives now being promoted by the City of Perth and the State Government, which should have a positive impact on the Perth CBD as the city's premier retail precinct.

The City of Perth's five-year mall enhancement project commenced in September 2003. This program will cost approximately \$10,000,000 and is aimed at improving the general appearance of the Murray Street and the Hay Street Malls, as well as Forrest Place, improving security and increasing the use of the area outside retail hours. These enhancements will improve the attractiveness of the malls and should encourage additional patronage.

One of the largest CBD projects for many years will be the new city train station below the buildings on the corner of William Street and the Murray Street Mall with the redevelopment of the adjacent buildings. This will revitalise the buildings along William Street and Wellington Street and lead to a refocus of activity around this area. This should further strengthen the malls as retail hubs leading to increased pedestrian activity.

Plans for the Property

The immediate priority will be to lease the 2 vacant tenancies on level 1. Lease proposals are currently being considered by the vendor of the Property in relation to the vacant space. Kareelya will undertake a full review of the management of the Property, pedestrian flows and the tenant mix to ensure that the income from the Property is maximised. Allowance has been made in the forecasts (Section 6) for leasing incentives and minor capital works.

5.3 Summary of the Existing Portfolio

As at the date of this PDS the Trust held the following assets:

Investment	Dunsborough Beach Resort	Broadwater Apartment Hotel Kalgoorlie	Bungalows Beach Resort and Broadwater Beach Resort	Pagoda Hotel & Apartments	Interest bearing securities	Cash and other assets
Structure of ownership	Dunsborough Hotel Property Syndicate (DHPS)	Kalgoorlie Apartment Hotel Syndicate (KAHS)	Broadwater Busselton Property Syndicate (BBPS)	Pagoda Hotel Property Syndicate (PHPS)	WPT Finance Pty Ltd (WPTF)	Trust
Percentage ownership	51%	100%	14.8%	74.7%	100%	100%
Asset class	Tourism	Tourism & Business	Tourism	Tourism & Business	Finance	Finance
Proportion of Existing Portfolio	23.2%	45.7%	6.5%	14.0%	9.1%	1.5%

Section 6 contains a Statement of Financial Position for the Trust which shows the carrying values of the Trust's assets, including the Existing Portfolio, on an historical cost basis.

5.4 Existing investments to be sold down

In the Trust's first PDS Kareelya said that the Trust's investments were primarily in the tourism and hospitality sectors, but that it was the Trust's intention to diversify into other property sectors. As the responsible entity of BBPS and PHPS, Kareelya's plan was to increase the size of BBPS and PHPS through the acquisition of complementary properties as and when they became available. It was expected that this strategy would benefit the members of those syndicates, particularly if the syndicates ended up controlling the individual resorts. These benefits would result from cost savings that would flow from the sharing of facilities, such as front offices, and the cancellation of individual strata titled suites and their amalgamation into a single title.

There has been no change to the investment strategy for the particular syndicates. However, the revenue from these investments together, with that from DHPS and KAHS, will not be sufficient to sustain the current level of distributions without resorting to making distributions out of Trust capital. Kareelya believes this may have an adverse impact on the Trust's market price on the ASX.

Although providing good capital growth potential and taxation benefits which have enabled the Trust to distribute 100% tax advantaged distributions, Kareelya believes the best outcome for unitholders is to sell down the Trust's investments in the syndicates in favour of higher yielding investments.

Therefore, under a sales program spread over the period to 30 June 2005, Kareelya will sell down its investments in BBPS, PHPS, KAHS and DHPS. The Trust's equity in these syndicates will be used as the basis for providing vendor loans to investors who purchase the Trust's syndicate investments. The vendor loans will earn 10% to 10.45% per annum interest.

The loans will be administered through WPT Finance Pty Ltd which is wholly owned by the Trust. Details of WPT Finance Pty Ltd and the vendor loans are contained Section 5.5.

The Trust has budgeted to sell down its interests in the syndicates according to the following timetable:

Date	Syndicate
By 30 June 2004	Pagoda Hotel Property Syndicate
By 30 June 2004	Broadwater Busselton Property Syndicate
By 30 June 2005	Dunsborough Hotel Property Syndicate
By 30 June 2005	Kalgoorlie Apartment Hotel Syndicate

5.5 Existing Portfolio of Investments

The Existing Portfolio currently includes investments in property through four syndicates and a wholly owned company, WPT Finance Pty Ltd. Kareelya is the responsible entity of each of the property syndicates in which the Trust has invested.

Kareelya will commission valuations of underlying property assets at least every three years. However, the directors of Kareelya may obtain valuations on a more regular basis if they believe the values of those assets have materially changed.

Kareelya will, as far as possible, seek to ensure that all borrowings on behalf of underlying investment entities are secured by registered mortgages and fixed and floating charges over the assets of the investment entity. If loans are made on this basis lenders should have no recourse to the assets of the Trust or other investors in these entities.

In each of the investments, Kareelya is bound by the constitutions of the underlying investment entities. Each of the property investments in the Existing Portfolio and Kareelya's investment in them are summarised below.



DUNSBOROUGH HOTEL PROPERTY SYNDICATE

Dunsborough Beach Resort, Broadwater
Caves Road,
Dunsborough, Western Australia

The Dunsborough Beach Resort, Broadwater

The Dunsborough Beach Resort is located on Caves Road, Dunsborough, Western Australia. The site accommodates a 4.5 Star resort 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 situated on approximately 2.57 hectares of land with direct beachfront access and ocean views. Kareelya has recently conducted a feasibility study examining whether the current use of the land as a Resort with 100 suites produces the best return from the property, particularly given the increasing value of the land.

This feasibility study considered various options for redeveloping the Resort and Kareelya, as the responsible entity of DHPS, has concluded that the best option involves the demolition of one block of 12 suites, the relocation of the existing tennis courts and the creation of a new strata lot that could, in turn, be subdivided into 12 separate strata lots. The Resort would then consist of 88 suites with the central core of the Resort containing the reception area, kitchens, restaurant, function rooms and the swimming pool remaining unchanged. Also retained will be the wedding chapel, a large part of the existing gardens and lawn area and the relocated tennis courts.



The reduction of the Resort to 88 suites should not adversely affect the overall value of the Resort and Kareelya believes that an attractive sale price can be achieved by putting the new lot created from the redevelopment out to competitive tender.

This proposal was put to a meeting of investors in DHPS held on 13 February 2004 and was passed unanimously. Work is now proceeding on this project with the sale of the new lot expected to be by the end of April 2004. The proceeds from the sale of the newly created lot will allow DHPS to pay down a substantial part of existing bank debt, as well as to provide a reserve fund for future refurbishment of the Resort.

The Resort is leased to Broadwater Hospitality Management Pty Ltd (Resort Operator) which operates the Resort as a "Broadwater" brand property. The Resort Operator has extensive experience and expertise in this area and maintains the resort to a high standard. The Resort Operator is wholly owned by Kareelya Limited.

The Lease

The significant features of the lease held by the Resort Operator are:

- Term of 10 years from 25 September 2001.

- Annual lease payments of \$400,000, increasing to \$540,000 per annum after completion of renovations and improvements, payable monthly in advance. As a result of the redevelopment of the Resort with the consequent reduction in the number of suites, the rent payable by the lessee is currently under review.
- Percentage rental of 4% of the total turnover from the Resort once the Resort turnover reaches \$4,500,000 in any financial year. This is also under review due to the redevelopment of the Resort.
- Rent reviews on the anniversary of the commencement date (CPI adjustments) and, on the first day of a new option period, rent is reviewed to market.
- Use of the premises for short-term tourism accommodation only.
- The Resort Operator to maintain the foreshore area in accordance with the Foreshore Maintenance Deed with the Shire of Busselton.
- The Resort Operator to conduct the business of the Resort to a minimum standard of “4-star” according to the Royal Automobile Club or such other standard agreed from time to time.
- The Resort Operator to reimburse rates and taxes.



KALGOORLIE APARTMENT HOTEL SYNDICATE

Kalgoorlie Apartments, Broadwater
21 Davidson Street,
Kalgoorlie, Western Australia

BROADWATER APARTMENT HOTEL, KALGOORLIE

The Broadwater Apartment Hotel (the Hotel), which was opened on 1 August 2003, is located at 21 Davidson Street, Kalgoorlie in an area that is undergoing an urban revitalisation program.

Located close to major arterial roads linking the Kalgoorlie CBD and industrial precincts, the site was formerly the City of Boulder Shire offices. The land surrounding this site is currently being redeveloped with FAL Action, Harvey Norman and specialty shopping outlets, together with residential apartments, a medical centre and associated services proposed.



The Hotel comprises 92 hotel apartments appointed to a 5 star standard, plus conference, restaurant and bar facilities. The target market for the Hotel is short to mid-term business travellers, tourist groups and the family leisure market. The fit-out of the Hotel, with outstanding features in every room, is unlikely to be equalled by any other hotel/motel accommodation in the Kalgoorlie region.

Kalgoorlie is a key destination for business people travelling from all over Australia to service the significant gold and nickel mining operations in the surrounding region. It is anticipated that short-term business travellers will make up a significant proportion of the midweek guests at the Hotel. To cater for this, each apartment has been designed to accommodate the business traveller with a work desk and fax/internet/email access.

BROADWATER BUSSELTON PROPERTY SYNDICATE



The area located on Bussell Highway, Busselton, comprising the Bungalows Beach Resort, Broadwater Beach Resort, Broadwater Shopping Centre and Broadwater Kiosk is commonly referred to as the “Broadwater Precinct”. These properties with their amenities comprise a collection of resort style accommodation with 4 to 5 star facilities together with adjacent complementary facilities.

Broadwater Hospitality Pty Ltd is the operator of the Bungalows Beach Resort and the Broadwater Beach Resort, which operate under the established “Broadwater” brand name.

Future investment strategy of the Broadwater Busselton Property Syndicate

BBPS will continue to expand its investment in properties located within the “Broadwater Precinct” and has specifically targeted the acquisition of the following properties:

- Villas in the Broadwater Beach Resort when they become available
- The amenities building and restaurant in the Broadwater Beach Resort
- Shops in the Broadwater Shopping Village if and when they become available

These acquisitions will be funded from a mixture of debt and equity.



PAGODA HOTEL PROPERTY SYNDICATE

Pagoda Hotel & Apartments, Broadwater
112 Melville Parade,
Como, Western Australia

THE PAGODA HOTEL BROADWATER

The Pagoda Hotel Broadwater 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, bar, restaurant and conference facilities.

The Pagoda Hotel is located in one of Perth’s most prestigious inner city suburbs, 4km south of the Perth CBD and overlooking the Swan River. The Pagoda Hotel has the most comprehensive range of facilities for any tourism complex located within the City of South Perth and commands a direct outlook to the Swan River with river views to the South Perth Yacht Club and beyond.

Broadwater Hospitality Pty Ltd is the operator of the Pagoda Hotel Broadwater.



WPT FINANCE PTY LTD

WPT Finance Pty Ltd is wholly owned by the Trust.

As set out in Section 5.4 the Trust proposes to sell down its interests in PHPS, DHPS, BBPS and KAHS. WPT Finance Pty Ltd will provide vendor finance to facilitate the sale of the Trust's interests in these syndicates. The credit assessment and the day to day management of the loans will be outsourced to a specialist financial management company. The loans will be made on the following terms:

- The term of loan is equal to, or less than the life of the respective syndicate.
- Interest rate at 10.45% is fixed for a period of 3 years and is then renegotiated.
- Interest only payments are required for the first 3 years.
- Security is provided via a charge over the investor's investment in the syndicate plus a personal guarantee.

5.6 Future investment criteria

Kareelya will focus on the acquisition of further office, retail, and industrial properties while, at the same time, reducing the Trust's exposure to the tourism/hospitality sector. For future acquisitions the Kareelya will adopt the following criteria:

- (a) Kareelya will favour direct property assets that are located in Western Australia.
- (b) Property securities, that is, investments in other managed investment schemes or listed property trusts may be acquired and some of those entities may have assets located elsewhere in Australia or overseas.
- (c) Investment in property securities will only be made when 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 7.5% per annum and potential capital appreciation of at least 2% per annum.
- (e) The acquisitions should not unreasonably dilute either the distribution yield, or the net asset backing of the Units for existing Investors.

In implementing this strategy, the Trust will use the services of independent rating agencies to independently assess each property, or property security acquisition, to determine whether it fits within the Trust's criteria and is consistent with its investment strategy. The Trust will be guided by independent reviews of the proposed investments in making a decision whether or not to purchase the investments.

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.

5.7 Environmental and ethical considerations

Whilst Kareelya intends to conduct its affairs in an ethical and sound manner, its investment criteria do not include giving additional consideration to labour standards, environmental, social or ethical considerations when making or realising an investment of the Trust. However, Kareelya will generally conduct the usual searches in relation to new property acquisitions to identify any concerns in terms of site contamination, heritage listing and indigenous sacred site issues.

SECTION 6 FINANCIAL INFORMATION

6.1 Forecast Information

The forecast financial performance contained in Section 6.2 has been based on various best estimate assumptions. The key assumptions are intended to assist investors in assessing the reasonableness and likelihood of the forecast results occurring and are not intended to be a representation that the forecast results will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from those assumed in preparing the forecast results, and this may have a positive or negative impact on the Trust's financial performance.

For further information on these factors, please refer to the risks outlined in Section 12.

Section 6.2 contains the following:

- Audited Statement of Financial Performance for the year ended 30 June 2003.
- Reviewed Statement of Financial Performance for the six months ended 31 December 2003.
- Reviewed Forecast Statement of Financial Performance for the six months ending 30 June 2004 and year ending 30 June 2005.

Section 6.3 contains the following:

- Audited Condensed Statement of Financial Position as at 30 June 2003.
- Reviewed Condensed Statement of Financial Position as at 31 December 2003.
- Reviewed Condensed Pro-forma Statement of Financial Position as at 31 December 2003.

Section 6.4 contains a summary of the sources and application of funds as they relate to the offer under this PDS and the purchase of the Property.

Section 6.5 contains a sensitivity analysis on the forecast profits for a change in interest rates by plus or minus 1.0%, but only in respect of the loans that are subject to variable interest rates up to 30 June 2005.

Section 6.6 explains the impact that the adoption of International Financial Reporting Standards may have on the financial information.

The financial information contained in these sections comprises the information for the Trust and entities in which the Trust has a controlling interest, being the Dunsborough Hotel Property Syndicate, Kalgoorlie Apartment Hotel Syndicate, Murray Street Mall Property Trust, WPT Finance Pty Ltd and Pagoda Hotel Property Syndicate.

The financial reports and forecasts of the Trust aggregate the assets and liabilities of the Trust and its controlled entities and reports them as the one economic entity.

6.2 Statement of Financial Performance

Set out below is the Forecast Statement of Financial Performance and expected distributions to Investors for the period 1 January to 30 June 2004 and for the financial year ending 30 June 2005. The investigating accountant, RSM Bird Cameron Corporate Pty Ltd has independently reviewed the forecast statement of financial performance. The Independent Review of Directors' Forecast Financial Information is detailed in Section 7.1.

WESTRALIA PROPERTY TRUST AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE

	Audited Year ended 30 June 2003 \$'000	Reviewed Six months ended 31 Dec 2003 \$'000	Forecast Six months ending 30 June 2004 \$'000	Forecast Year ending 30 June 2005 \$'000
Net rental revenue	503	1,045	1,190	5,716
Interest revenue	846	259	70	959
Profit on sale of land	-	-	2,022	-
Other	74	87	79	-
	1,423	1,391	3,361	6,675
Interest and finance expenses	(645)	(886)	(1,170)	(3,691)
Responsible entity management fees	(106)	(151)	(112)	(368)
Loss on dilution of investments	-	-	(352)	-
Other	(396)	(150)	(124)	(355)
Net operating profit from ordinary activities	276	204	1,603	2,260
Net profit attributable to outside equity interests	39	23	(986)	(43)
Net profit attributable to Investors in the Trust	315	227	617	2,217
Distribution Statement				
Net operating profit attributable to Investors in the Trust	315	227	617	2,217
Net transfer from capital reserves	330	387	63	1,680
Distribution to Investors	645	614	680	3,897
Distribution per Unit	3.94 cents	3.22 cents	3.22 cents	6 cents
Percentage tax advantaged	100%	100%	100%	100%

Forecast Assumptions

General assumptions used in the preparation of the financial forecasts are noted below, and should be referred to when considering the financial information included in this PDS. The assumptions used in preparing the financial forecasts relate to future events or management actions which are expected to take place in the forecast period.

- (a) The Offer is fully subscribed for \$30,000,000 and Units are issued to Investors on 31 May 2004 at \$0.72 per unit
- (b) Settlement of the Property occurs on 31 May 2004 with the rent commencing on 1 June 2004.

- (c) The current investments in the Pagoda Hotel Property Syndicate, Broadwater Busselton Property Syndicate, Kalgoorlie Apartment Hotel Syndicate and the Dunsborough Hotel Property Syndicate are sold for no less than their current carrying values with the sales being wholly financed by WPT Finance Pty Ltd. The forecast has been prepared on the basis that the sale of the investments by the Trust occurs according to the following timetable:

Date	Syndicate
By 30 June 2004	Pagoda Hotel Property Syndicate
By 30 June 2004	Broadwater Busselton Property Syndicate
By 30 June 2005	Dunsborough Hotel Property Syndicate
By 30 June 2005	Kalgoorlie Apartment Hotel Syndicate

WPT Finance Pty Ltd will provide vendor finance to achieve the sale of the Trust's interests in the syndicates. The credit assessment and the day to day management of the loans will be outsourced to a specialist financial management company. The loans will be made on the following terms:

- The term of loan is equal to, or less than the life of the respective syndicate.
 - Interest rate at 10.45% is fixed for a period of 3 years and is then renegotiated.
 - Interest only payments are required for the first 3 years.
 - Security is provided via a charge over the investor's investment in the syndicate plus a personal guarantee.
- (d) Prior to 30 June 2004, the Kalgoorlie Apartment Hotel Syndicate will raise \$3,750,000 in equity from external investors. Of this WPT Finance Pty Ltd will provide \$2,500,000 as vendor finance to investors wishing to invest in the syndicate. The balance of \$1,250,000 is expected to be received from external investors in cash of which \$1,000,000 will be applied in reducing bank debt of the Kalgoorlie Apartment Hotel Syndicate.
- (e) The Trust will make a non-renounceable rights issue to all existing Unit holders which will open on 19 April 2004 and close on 24 May 2004. The rights issued under the offer will not be listed on the ASX and will be convertible to Units at the price of \$0.72 per right. Units issued under the rights issue will be entitled to the full distribution of 1.61 cents per Unit for the quarter ending 30 June 2004. The Trust proposes to raise \$2,052,000 from this rights issue which will be used to retire bank debt of \$1,500,000, with the balance used for working capital.
- (f) Renovations estimated to cost \$1,400,000 will be made to the Dunsborough Beach Resort in the forecast period.
- (g) Rental income:
- Net rents are based on the current leases and the rental guarantee provided by the vendor of the Property. The rental guarantee is for a total of \$4,200,000 over a period of 12 months.
 - The tenants fulfil their obligations under the respective leases.
 - Rent from the Property commences on 1 June 2004.
 - Additional rent from the Kalgoorlie Apartment Hotel is forecast as follows:

1 January 2004 to 30 June 2004	\$75,000
1 July 2004 to 30 June 2005	\$160,000
 - No turnover rent will be received from the Dunsborough Beach Resort.

- (h) Interest receivable from vendor loans is forecast at 10.45% per annum. Interest on surplus cash is forecast at 4.0% per annum calculated monthly on the previous month's closing balance.
- (i) The subdivided super lot at the Dunsborough Beach Resort is sold in May 2004 for \$4,000,000, generating a profit of \$2,000,000. The proceeds from the sale are to be received in two tranches, \$2,000,000 in May 2004 and \$2,000,000 in April 2005.
- (j) A summary of the current and forecast interest bearing liabilities is as follows:

	Amount	Interest rate	Expiry
Debentures	\$2,400,000	10% fixed	various
Bank Loans			
Trust	\$1,500,000	7% variable	May 2004
DHPS Facility #1	\$4,000,000	6.49% fixed	June 2004
DHPS Facility #2	\$2,300,000	6.48% Variable	June 2004
PHPS Facility #1	\$2,600,000	6.98% variable	Dec 2004
PHPS Facility #2	\$900,000	7.25% variable	Dec 2004
KAHS Facility #1	\$10,000,000	7.57% fixed	June 2006
KAHS Facility #2	\$1,000,000	7.9% variable	July 2004
*Proposed facility for the Property	\$33,000,000	6.8% *	5 years
	\$55,300,000		
Other loans	\$1,000,000	7% fixed	At call

*Kareelya has received indicative offers of finance at a 5 year fixed interest rate of 6.8% which are now only subject to Kareelya selecting the preferred lender and accepting the offer. At the date of this PDS the current variable interest rate is 6.55%. Kareelya may not fix all of the \$33,000,000 loan facility.

The Trust's existing bank debt of \$1,500,000 will be repaid in May 2004 and the KAHS bank debt of \$1,000,000 will be repaid in July 2004. It is expected that other expiring debentures and loans will be rolled over with the existing borrowers on similar terms and conditions as those shown in the table above.

Borrowing costs including application fees, legal fees, mortgage stamp duty and registration fees are capitalised and amortised over the term of the loan or five years, whichever is the lesser.

- (k) The Responsible Entity is entitled to charge fees on the following basis:

- 0.25% pa on the value of the assets, payable monthly.
- 3.5% pa on the net revenue received, payable monthly.
- 3.5% pa on the growth in value of the Trust's assets, payable annually.

Kareelya acts as the Responsible Entity for the Trust and its controlled entities, therefore the Responsible Entity fees have been reduced as follows:

- Westralia Property Trust (including WPT Finance), fees reduced to \$60,000 per annum.

- Pagoda Hotel Property Syndicate fees reduced to \$7,716 per annum.
 - Dunsborough Hotel Property Syndicate fees reduced to \$60,000 per annum.
 - Murray Street Mall Property Trust fees reduced by 50% to June 2005
- (l) The impact of the sell down of the Trust's investment in the Kalgoorlie Apartment Hotel Syndicate will be a loss of \$352,000. This amount represents the Trust's pro-rata share of the transaction costs arising from the sale.
- (m) Where the Trust owns less than 100% of a controlled entity, the share of profit relating to the outside equity interests is shown as the net profit attributable to outside equity interests.
- (n) A portion of the distribution to be paid to Investors will be paid from the Trust's capital. There should be a significant reduction in the amount of capital required to make distributions after 1 July 2005 as a result of the sell down of syndicate interests and the conversion of these equity interests into loans through WPT Finance Pty Ltd.
- (o) Distributions are forecast to be paid as follows:
- (1) for the 6 months ending 30 June 2004 – 3.22 cents per Unit payable on Existing Units only;
 - (2) for the year ending 30 June 2005 – 6 cents per Unit;
 - (3) distributions are paid quarterly;
 - (4) for the period to 30 June 2004 the distribution reinvestment rate is forecast at 66% of total units issued. After the issue of the Units under this PDS, the participation rate for distribution reinvestment is forecast as 16% of the total Units on issue.
- (p) The tax deferred percentage for distributions during the forecast periods will be 100%.
- (q) Land and buildings have a function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, an investment property is not to subject depreciation. Accordingly, the buildings and any components thereof (including plant and equipment, and associated purchase costs) are not depreciated for accounting purposes. However, depreciation and other allowances are claimed for tax purposes.

6.3 Statement of Financial Position

Set out below is a summary of the Audited Statement of Financial Position of the Trust and controlled entities for the financial year as at 30 June 2003, Reviewed Statement of Financial Position as at 31 December 2003, and a Reviewed Pro-forma Statement of Financial Position prepared on the basis of the assumptions, as set out in note 8, had taken place as at 31 December 2003. The Investigating Accountant, RSM Bird Cameron Corporate Pty Ltd, has independently reviewed the Pro-forma Statement of Financial Position and the Investigating Accountant's Report is provided in Section 7.1

WESTRALIA PROPERTY TRUST & CONTROLLED ENTITIES
CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Audited 30 June 2003 \$'000	Reviewed 31 December 2003 \$'000	Reviewed Pro-forma 31 Dec 2003 \$'000
Current Assets				
Cash on deposit		3,450	390	436
Receivables	2	5,101	2,526	1,090
Other assets		255	231	231
Total Current Assets		8,806	3,147	1,757
Non Current Assets				
Investments	3	43,926	48,828	109,456
Intangible assets	4	993	1,069	892
Other assets		233	-	252
Total Non Current Assets		45,152	49,897	110,600
TOTAL ASSETS		53,958	53,044	112,357
Current Liabilities				
Payables	5	5,618	2,684	1,248
Interest bearing liabilities	6	2,790	14,984	14,984
Provisions		404	311	-
Total current liabilities		8,812	17,979	16,232
Non Current Liabilities				
Interest bearing liabilities	6	20,641	10,476	43,476
Total Non Current Liabilities		20,641	10,476	43,476
TOTAL LIABILITIES		29,453	28,455	59,708
NET ASSETS		24,505	24,589	52,649
Investors' Funds				
Funds attributable to Investors of the Trust	7	17,152	17,190	45,250
Outside Equity Interests		7,353	7,399	7,399
TOTAL INVESTORS' FUNDS		24,505	24,589	52,649
Number of Units (000)		18,823	19,335	61,264
Net asset backing per Unit		\$ 0.91	\$ 0.89	\$ 0.74
Gearing ratio*		44%	49%	52%

*Gearing ratio = Total Interest bearing liabilities divided by total tangible assets

Net asset backing per \$1.00 invested is \$0.74 divided by \$0.72 which is \$1.03.

NOTES TO STATEMENT OF FINANCIAL POSITION

Note 1 – Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial forecasts are consistent with those used in preparing the Statement of Financial Performance and Statement of Financial Position for the half year ended 31 December 2003.

These accounting policies are:

(a) Basis of preparation

The financial information has been prepared in accordance with the Constitution, the requirements of the Act, which includes applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

Some of the disclosure requirements under accounting standards have not been applied where the information that would normally be disclosed is not considered relevant or material to potential investors.

The financial information has been prepared on an accruals basis based on historical costs and does not take into account changing money values, or, except where stated, current valuations of non-current assets.

(b) Principles of consolidation

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

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

The financial statements of subsidiary entities are prepared for the same reporting period as the Trust, 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.

(c) Revenue and expenses

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

(d) Borrowing expenses

Debt raising costs including application fees, mortgage stamp duty, and registration fees are capitalised and amortised over the term of the borrowing or five years, whichever is the lesser.

(e) Income tax

Under current income tax legislation, the Trust is not subject to income tax, as net operating income (including assessable realised capital gains) is distributed in full to Investors. Tax allowances for buildings, plant and equipment are distributed to Investors in the form of a tax advantaged component of Trust distributions.

(f) Property investments

Investment properties

Investment properties comprise freehold and leasehold land and 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. Depending upon the nature of the property, investment properties are classified as commercial or hospitality properties and disclosed separately in the financial report.

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.

Commercial investment properties

Commercial investment properties are carried at cost in accordance with AASB 1041 "Revaluation of Non-Current Assets". Cost includes purchase cost plus ancillaries such as stamp duty, settlement and registration fees and acquisition costs.

Tourism investment properties

Hospitality 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 the determination of the revalued carrying amount because the Trust does not expect to ultimately be liable for the CGT in respect of the assets.

Other investments

Other investments are carried at cost.

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.

(g) Capital raising costs

All costs related to the issue of Units are offset against the proceeds raised.

(h) Receivables

Rental debtors to be settled within thirty days are carried at amounts due. The recoverability of rental debts is assessed at balance date and specific provision is made for any doubtful accounts.

(i) Payables

Liabilities are recognised in respect of amounts to be paid in the future for goods or services received, whether or not billed to the Trust. Trade accounts payable are normally settled within sixty days.

(j) Distribution per Unit

The distribution per Unit will be determined by dividing the total distribution for the given period by the number of Units eligible for distribution on the last day of the distribution period.

(k) Repairs and maintenance

Repair and maintenance costs that are non-recoverable from tenants relating to buildings, plant and equipment are charged against revenue as incurred.

(l) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as an expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Note 2 – Receivables

	Audited 30 June 2003 \$'000	Reviewed 31 Dec 2003 \$'000	Reviewed Pro-forma 31 Dec 2003 \$'000
Interest receivable	416	130	130
Trade debtors	43	189	189
Sundry debtors	263	2	2
	<hr/>	<hr/>	<hr/>
	722	321	321
Secured Loans			
Amounts due	2,381	106	106
	<hr/>	<hr/>	<hr/>
	2,381	106	106
Amounts receivable from related parties			
Wholly owned entity of ultimate parent entity	1,825	2,099	663
Associated entities	173	-	-
	<hr/>	<hr/>	<hr/>
	1,998	2,099	663
Total receivables	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	5,101	2,526	1,090

Note 3 – Investments

	Audited 30 June 2003 \$'000	Reviewed 31 Dec 2003 \$'000	Reviewed Pro-forma 31 Dec 2003 \$'000
Property Investments			
Tourism Property Investments			
Dunsborough Beach Resort	19,182	19,299	19,299
Broadwater Hotel Kalgoorlie	15,004	19,500	19,500
Pagoda Hotel and Apartments	6,774	6,982	6,982
	<u>40,960</u>	<u>45,781</u>	<u>45,781</u>
Managed Investment Schemes			
Pagoda Hotel Property Syndicate	825	905	905
Broadwater Busselton Property Syndicate	1,832	1,833	1,833
	<u>2,657</u>	<u>2,738</u>	<u>2,738</u>
Total Tourism Property Investments	<u>43,926</u>	<u>48,828</u>	<u>48,828</u>
Commercial Property Investments			
Property – 166 Murray Street ,Perth	-	-	60,628
Total Commercial Property Investments	<u>-</u>	<u>-</u>	<u>60,628</u>
Other			
Swanview Motel Pty Ltd	309	309	309
Total Investments	<u>43,926</u>	<u>48,828</u>	<u>109,456</u>

Note 4 – Intangibles

Formation and Product Disclosure Statement Costs

Balance at the beginning of the period	554	993	993
Additions	522	97	97
Less amortisation	(83)	(21)	(198)
Balance at the end of the period	<u>993</u>	<u>1,069</u>	<u>892</u>

Note 5 – Payables - Current

Trade creditors and accruals	2,640	1,133	1,133
Interest received in advance	177	-	-
Loans from associate of Responsible Entity	2,801	1,551	115
	<u>5,618</u>	<u>2,684</u>	<u>1,248</u>

Note 6 – Interest Bearing Liabilities

	Audited 30 June 2003 \$'000	Reviewed 31 Dec 2003 \$'000	Reviewed Pro-forma 31 Dec 2003 \$'000
Current			
Bank loans	1,427	12,080	12,080
Debentures	807	1,920	1,920
Due to director related entity	556	482	482
Other	-	502	502
	2,790	14,984	14,984
Non Current			
Bank loans	19,580	10,000	43,000
Debentures	1,061	476	476
	20,641	10,476	43,476

Security

The bank loans are secured by registered first mortgages over the properties constituting the Dunsborough Beach Resort, suites in the Pagoda Hotel, and the Broadwater Hotel Kalgoorlie plus fixed and floating charges over the respective syndicate's assets.

The Trust has provided a guarantee for the \$1,000,000 bank loan to the Kalgoorlie Apartment Hotel Syndicate

The parent entity of Kareelya, Kareelya Limited, has provided a guarantee for the bank loans to the Dunsborough Hotel Property Syndicate

Security on the Property will be a registered first mortgage over the Property plus a guarantee provided by the Trust for \$16,500,000.

The debentures are secured by a floating charge over the assets of the Trust.

Note 7 – Investors' Funds

	Audited 30 June 2003	Reviewed 31 Dec 2003	Reviewed Pro-forma 31 Dec 2003
Number of issued Units	18,823	19,335	61,264
Movement in Investor funds	\$'000	\$'000	\$'000
Investor funds at the beginning of the period	12,205	17,152	17,152
Equity contributed	5,197	425	30,629
Expenses incurred in equity raising	(920)	-	(2,144)
Operating profit from ordinary activities	315	227	227
Distribution to Investors	(645)	(614)	(614)
Revaluation increments	1,000	-	-
Total funds attributable to Investors of the Trust	17,152	17,190	45,250

Note 8 –Pro-forma Transactions

The pro-forma Statement of Financial Position of the Trust as at 31 December 2003 has been prepared on the assumption that the following transactions had taken place at that date:

- (a) The issue of 41,666,667 Units at \$0.72 each pursuant to this PDS to raise \$30,000,000
- (b) The acquisition of the Property located at 166 Murray Street, Perth, WA for a total consideration of \$60,600,000 (including acquisition costs).
- (c) The raising of \$33,000,000 in debt finance relating to the acquisition of the Property.
- (d) Borrowing expenses of \$252,000 in connection with the loan are capitalised and amortised over the period of the loan, or five years, whichever is the lesser.
- (e) Capital raising costs totalling \$2,144,000 are charged directly against unitholder funds.
- (f) Receipt of \$1,430,000 from the repayment of a loan from a wholly owned entity of the ultimate parent entity and repayment of a loan totalling \$1,430,000 to another wholly owned entity of the ultimate parent entity
- (g) Of the distributions totalling \$300,000 for the quarter ended 31 December 2003, \$107,000 is paid in cash and \$204,000 is reinvested in accordance with the DRP.

6.4 Sources and Application of Funds

Sources of Funds	\$'000
Capital raised from this offer	30,000
Debt Finance	33,000
	63,000
Application of Proceeds	
Purchase of the Property	56,200
Stamp duty, settlement costs & acquisition fees	4,451
Borrowing costs	252
Capital raising costs	1,967
Working capital	130
	63,000

Capital raised under the Offer will be invested in units in MSMPT and together with debt finance will be applied to settle the purchase of the Property and meet transaction costs as noted above

6.5 Sensitivity Analysis

A change of plus or minus 1% in the interest rates on loans with variable interest rates will have the following effects on the forecast results of the Trust:-

Impact on forecast net operating profit attributable to Investors in the Trust.

	Increase in Interest rates			Decrease in interest rates		
	0.5%	0.75%	1.0%	0.5%	0.75%	1.0%
Six months ending 30 June 2004 - \$'000	-30	-45	-60	30	45	60
Year ending 30 June 2005 -\$'000	-170	-255	-340	170	255	340

A review of the sensitivity of a movement in interest rates indicates that movements within the ranges detailed above should not have a significant impact on the distribution yield because any downward variation in net operating profit will be made up out of capital reserves.

6.6 International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, it is proposed that the Trust comply with International Financial Reporting Standards (IFRS). At the date of this PDS, there is reported European resistance to the adoption of the IFRS, which may delay their implementation from 1 January 2005. Reported results beyond the financial year ending 30 June 2005 could materially vary to those reported under current Australian Accounting Standards, if the implementation of the IFRS' goes ahead and first time application for the Trust of this change, including comparatives, could be for the financial year ending 30 June 2006. Details of the Trust's significant accounting policies are included in the Section 6.3.

All financial information disclosed in this PDS has been prepared in accordance with generally accepted accounting principles in Australia (Australian GAAP). The potential impacts on the financial performance and financial position of the Trust resulting from the adoption of IFRS, including implementation costs which may be incurred, have not been quantified by the directors. The actual impact will depend on the particular circumstances prevailing at the time of adoption. Accordingly, there can be no assurances that the financial performance and the financial position of the Trust as disclosed in this PDS would not be significantly different if determined in accordance with IFRS.

Further, regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS and the financial impact, if any, of these differences relative to the Trust's financial statements in the future. You should consult your own professional advisers for an understanding of the differences between Australian GAAP and IFRS.

SECTION 7 INVESTIGATING ACCOUNTANT'S REPORT

7.1 Investigating accountant's report

RSM Bird Cameron Corporate Pty Ltd

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www.rsmi.com.au

E-mail: andy.gilmour@rsmi.com.au
Direct line: 9261 9447
AJG:SET

6 April 2004

The Board of Directors
Kareelya Investments Limited
as Responsible Entity for Westralia
Property Trust
6 Bowman Street
SOUTH PERTH WA 6151

Dear Sirs

Investigating Accountant's Report

1. Introduction

- 1.1. This report has been prepared by RSM Bird Cameron Corporate Pty Ltd ("RSMBC") at the request of the directors of Kareelya Investments Limited ("Kareelya") for inclusion in the Product Disclosure Statement ("PDS") to be dated on or about 6 April 2004, relating to the proposed underwritten issue of 41,666,667 new units in Westralia Property Trust ("the Trust") at 72 cents per Unit to raise \$80 million. Kareelya is the Responsible Entity of the Trust.
- 1.2. Expressions defined in the PDS have the same meaning in this report.
- 1.3. RSMBC has been requested to prepare a report covering the financial information described in Section 2 of this report.

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

RSM Bird Cameron Corporate Pty Ltd
ABN 82 060 508 024
Licensed Investment Adviser
No 255847

Major Offices in
Perth, Sydney,
Melbourne, Adelaide
and Canberra

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

2. Terms of Reference

- 2.1. You have requested RSMBC to prepare a report covering the following financial information:

Pro Forma Financial Information

- ◆ the pro forma statement of financial position for the Trust and its controlled entities as at 31 December 2003 which assumes completion of the contemplated transactions disclosed in Note 8 of Section 6.3 of the PDS; and
 - ◆ notes to the pro forma financial information.
- 2.2. The pro forma financial information has been derived from the reviewed financial statements of the Trust and its controlled entities as at 31 December 2003.
- 2.3. The historical financial information set out in Section 6 has been extracted from the audited financial statements of the Trust and controlled entities for the year ended 30 June 2003 and the reviewed financial statements for the six month period ended 31 December 2003.
- 2.4. The audit for the year to 30 June 2003 was conducted by RSM Bird Cameron Partners and an unqualified audit opinion was issued. The review for the six month period to 31 December 2003 was conducted by RSM Bird Cameron partners and an unqualified independent review report was issued.
- 2.5. The directors of the Trust are responsible for the preparation and presentation of the historical and pro forma financial information.
- 2.6. The historical and pro forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

3. Scope of Review

Review of pro forma financial information

- 3.1. We have reviewed the pro forma financial information as at 31 December 2003 as set out in Section 6.3 of the PDS in order to report whether anything has come to our attention which causes us to believe that it has not been presented fairly:
- ◆ on the basis of the pro forma transactions; and
 - ◆ in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements and significant accounting policies disclosed in Section 6.3 of the PDS.

3.2. Our review has been conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances, including:

- ◆ a review of work papers, accounting records and other documents;
- ◆ a review of pro forma transactions made to historical reviewed financial information;
- ◆ analytical procedures on the historical financial information;
- ◆ a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Trust and disclosed in Section 6.3 of the PDS; and
- ◆ enquiry of directors, management and others.

3.3. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4. Review statements

Review statement on the pro forma financial information

4.1. Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma financial information as set out in Section 6.3 of the PDS, has not been presented fairly:

- ◆ on the basis of the pro forma transactions; and
- ◆ in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and significant accounting policies adopted by the Trust disclosed in Section 6.3 of the PDS.

5. Independence

5.1. RSMBC is licensed as an Australian Financial Services Licensee pursuant to Section 913B of the Corporations Act 2001 and is beneficially owned by the directors of RSM Bird Cameron, a large national firm of chartered accountants.

5.2. Mr A J Gilmour, CA, is a director and authorised representative of RSMBC, a director of RSM Bird Cameron and a partner in RSM Bird Cameron Partners. He has professional qualifications and experience appropriate to the advice offered.

- 5.3. RSMBC does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. RSM Bird Cameron Partners is the auditor of the Trust and from time to time, RSM Bird Cameron also provides the Trust with certain other professional services for which normal professional fees are received.

Yours faithfully

Andrew Gilmour

A J GILMOUR
Director and Authorised Representative

7.2 Independent review of directors financial information

RSM Bird Cameron Corporate Pty Ltd

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Direct line: 9261 9447
AJG:SET

6 April 2004

The Board of Directors
Kareelya Investments Limited
as Responsible Entity for Westralia
Property Trust
6 Bowman Street
SOUTH PERTH WA 6151

Dear Sirs

Independent Review of Directors' Forecast Financial Information

1. Introduction

- 1.1. This report has been prepared by RSM Bird Cameron Corporate Pty Ltd ("RSMBC") at the request of the directors of Kareelya Investments Limited ("Kareelya") for inclusion in the Product Disclosure Statement ("PDS") to be dated on or about 6 April 2004, relating to the proposed underwritten issue of 41,666,667 new units in Westralia Property Trust ("the Trust") at 72 cents per Unit to raise \$80 million. Kareelya is the Responsible Entity of the Trust.
- 1.2. Expressions defined in the PDS have the same meaning in this report.
- 1.3. Investors should consider the forecast financial information and this report in conjunction with the sensitivity analysis set out in Section 6.5 of the PDS and risks to which the Trust is exposed as set out in Section 12 of the PDS.

2. Scope of Review

- 2.1. You have requested RSMBC to prepare a report covering the forecast statements of financial performance of the Trust ("the Directors' Forecast") for the six months ending 30 June 2004 and the year ending 30 June 2005 as set out in Section 6.2 of this PDS.

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

RSM Bird Cameron Corporate Pty Ltd
ABN 82 060 508 024
Licensed Investment Adviser
No 255847

Major Offices in
Perth, Sydney,
Melbourne, Adelaide
and Canberra

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

- 2.2. The directors are responsible for the preparation and presentation of the Directors' Forecasts, including the best estimate assumptions on which they are based. The Directors' Forecast has been prepared for inclusion in the PDS. We disclaim any assumption of responsibility for any reliance on this report or on the Directors' Forecast to which it relates for any purposes other than for which it was prepared.

3. Review of Directors' Best Estimate Assumptions

- 3.1. Our review of the best estimate assumptions underlying the Directors' Forecast was conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the Directors and management of the Trust and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:
- ◆ the best estimate assumptions set out in Section 6.2 of the PDS do not provide a reasonable basis for the preparation of the Directors' Forecast;
 - ◆ in all material respects, the Directors' Forecast is not properly prepared on the basis of the best estimate assumptions;
 - ◆ the Directors' Forecast is not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies of the Trust disclosed in Section 6.3 of the PDS so as to present a view of the Trust which is not inconsistent with our understanding of the Trust's current and future operations. It is in the nature of forecasts that it is not feasible to present all the disclosures that would be required by applicable Accounting Standards.
- 3.2. The Directors' Forecast has been prepared by the directors to provide investors with a guide to the Trust's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Directors' Forecast. Actual results may vary materially from the Directors' Forecast and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Section 12 of the PDS and Sensitivity Analysis set out in Section 6.5 of the PDS.
- 3.3. Our review of the Directors' Forecast, which is based on best estimate assumptions, is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' Forecast included in the PDS.

4. Review Statement

- 4.1. Based on our review of the Directors' Forecast as set out in Section 6.2 of the PDS, which is not an audit, and based on an investigation of the reasonableness of the directors' best estimate assumptions giving rise to the Directors' Forecast, nothing has come to our attention which causes us to believe that:
 - 4.1.1. the Directors' best estimate assumptions set out in Section 6.2 of the PDS do not provide a reasonable basis for the preparation of the Directors' Forecast; and
 - 4.1.2. the Directors' Forecast is not properly compiled on the basis of the Directors' best estimate assumptions and are not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Trust and disclosed in Section 6.3 of the PDS as applied in Australia for presenting forecasts in PDS. It is in the nature of forecasts that it is not feasible to present all the disclosures that would be required by applicable Accounting Standards.
- 4.2. The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Trust and the directors. If events do not occur as assumed, actual results achieved by the Trust may vary significantly from the Directors' Forecast. Accordingly, we do not confirm or guarantee the achievement of the Directors' Forecast, as future events, by their very nature, are not capable of independent substantiation. Investors should have regard to the Sensitivity Analysis and Risk Factors detailed in Sections 6.5 and 12 of the PDS, respectively.

5. Subsequent Events

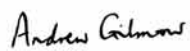
- 5.1. Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Trust have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

6. Declaration

- 6.1. RSMBC is licensed as an Australian Financial Services Licensee pursuant to Section 913B of the Corporations Act 2001 and is beneficially owned by the directors of RSM Bird Cameron, a large national firm of chartered accountants.
- 6.2. Mr A J Gilmour, CA, is a director and authorised representative of RSMBC, a director of RSM Bird Cameron and a partner in RSM Bird Cameron Partners. He has professional qualifications and experience appropriate to the advice offered.

- 6.3. RSMBC does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. RSM Bird Cameron Partners is the auditor of the Trust and from time to time, RSM Bird Cameron also provides the Trust with certain other professional services for which normal professional fees are received.

Yours faithfully



A J GILMOUR
Director and Authorised Representative

SECTION 8 VALUATION

burgess rawson

2nd April 2004

The Directors
Kareelya Investments Limited
6 Bowman Street
SOUTH PERTH WA 6151

Burgess Rawson (WA) Pty Ltd
ACN 009 109 648
Licensed Real Estate Agents and Property Consultants
7th Floor 221 St Georges Terrace Perth WA 6000
PO Box 7658 Cloisters Square Perth WA 6850
Telephone (08) 9288 0288 Facsimile (08) 9481 5353
Email perth@brwa.com.au
www.burgessrawson.com.au

Perth
Melbourne
Sydney
Brisbane
Gold Coast
Kuala Lumpur
Singapore

Dear Sirs

RE: VALUATION SUMMARY – CITY CENTRAL 166 MURRAY STREET, PERTH

We refer to your request to provide a summary of the valuation report (our ref. 21499/slkv040202a.doc) with a valuation date of 31 May 2004. Detailed below is our summary of the valuation. For complete details of the property we recommend you refer to our full valuation report.

Instructions

We have been instructed by Kareelya Investments Limited to undertake a valuation of the City Central at 166 Murray Street, Perth to determine the market value as at the calculation date of 31st May 2004.

Market value as defined by the International Valuation Standards Committee, and as adopted by the Australian Property Institute, is as follows:-

"Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

It should also be noted that this assessment of value is based on the facts and evidence as they existed as at the time the valuation was prepared, and no warranty can be given to the maintenance of the value into the future.

Description

An inner city multi level retail and office building with a frontage to both the Murray Street Mall and Wellington Street adjoining the Myer Centre and opposite the David Jones Development. The development comprises a modern shopping centre / office building completed and opened in 2002 with major tenants including Woolworth's, Fitness First, Crazy Clark's, Centrelink, Department of Training and the Commonwealth Government Department of Immigration. It has an overall net lettable area of approximately 13,365.2 square metres (based on surveys provided) plus 27 basement car parking bays (including one disabled car bay) contained and built over a total site area of approximately 3,740 square metres.

21499 - kjcl040401a



The locality is one of the busiest in terms of pedestrian flow in accordance with the recent REIWA Perth CBD Retail Pedestrian Survey conducted on 6th May 2003 indicating approximately 3,520 pedestrians through the arcade over a two hour period with the property being situated in the Perth CBD main retail precinct with Mall frontage and close to the Piccadilly Arcade and Carillon City Arcade. The property is also in close proximity to the Perth Rail Station.

The building is primarily constructed over a basement / lower level, ground, first, second and third floor levels being of a modern construction containing reinforced concrete, external tilt slab walls, individual tenancy fitouts and a metal deck roof.

Title

The land is described as being an estate in fee simple being Lot 110 on Diagram 77765, and being the whole of the land described by Certificate of Title Volume 2141 Folio 483.

Zoning

Central City under the Metropolitan Regional Planning Scheme and City Centre Precinct 5 – City Place under the City of Perth Planning Scheme No. 2.

The property has the following approximate accommodation:-

Tenancy Details

Lower Ground	2,214.1 square metres	(2 tenants)
Ground level	2,711.3 square metres	(11 tenants)
First Floor	2,401.8 square metres	(10 tenants)
Second Floor	3,161 square metres	(4 tenants)
Third Level	2,877 square metres	(1 tenant)
Total	13,365.2 square metres	

The subject building, with the exception of two tenants on Level 1 is currently fully leased with a projected net income after deducting incentives and vacancy as at the proposed purchase date of 31st May 2004 in the order of \$4,024,058 per annum with an average benchmark face rental of approximately \$368 per square metre per annum. In addition the turnover rental is approximately \$172,075 per annum and market other rental of \$36,464 per annum, market parking of \$400 per bay per month, market naming and signing of \$40,000 per annum and sundry income of \$125,000 with a vacancy allowance reflecting 1.26% and recoverable expenses of approximately \$103.34 per square metre.

The property is subject to a rental guarantee of \$4,200,000 for the 12 months following settlement of the acquisition.

The average lease term for the main ground floor retail tenancies is approximately five to six years with the majority of the leases incorporating fixed generally 3% to 5% annual increases or alternatively to CPI plus 1% to 2% increases with the tenants generally contributing 1% to 5% of gross rent to a merchants association.

Risk Analysis

Strengths

- ◆ Prominent inner city locality
- ◆ Brand new building; substantial depreciation benefits
- ◆ Capital growth
- ◆ A property that would be sought after by institutional purchasers

Weaknesses

- ◆ Larger price range restricting potential purchasers, some vacancy albeit minor

Opportunities

- ◆ Rental growth
- ◆ Growth in retail rentals within the CBD

Threats

- ◆ Deregulation of retail trading hours in the medium term affecting Sunday trade on the City retail precinct.
- ◆ Downturn in the CBD

Client

Kareelya Investments Ltd

Date of Inspection

4th February 2004

Sales Evidence

In determining the necessary parameters to be utilised in our valuation methodology specifically pertaining to the capitalisation and discount cashflow method of assessment we have had regard to the following sales schedule:-

Property	Details	Sale Price	Sale Date	Initial Yield	Internal Rate of Return
Plaza Arcade Development	A heritage listed arcade originally built in 1937	\$26,200,000	Sept 2003	8.25%	10.5%
672 Hay Street Mall	A small retail sale	\$5,250,000	Oct 2002	7.24%	N/A
Rowe and Jarman / 637 Hay Street	A small retail shopping mall	\$2,770,000	July 2003	7%	
Glen View Market Place, Ballajura	A suburban shopping centre	\$7,750,000	August 2003	7.93% on passing	N/A
Adelaide Myer Centre	A substantial retail office complex in Adelaide	\$231,000,000	Oct 2003	7.15%	N/A
Woolworths Supermarket, Sydney	A recently completed stand alone Woolworth's Centre	\$16,500,000	May 2003	6.4%	N/A

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Enquiries have been made to active agents in the retail sector throughout the Australian market which indicate yields are tightening due to the high demand for retail property by medium to large trusts with this lack of supply forcing yields down.

Valuation Methodology

Having cognisance of the above evidence together with our market enquiry we have utilised two methods of assessment. Firstly the capitalisation method and secondly the discount cashflow method to determine the property's value at the valuation date. In undertaking this assessment we have used Cougar Software in our modelling adopting the following parameters:-

- Capitalisation Rate in the order of 7% on the net operating income after incentives
- Capitalisation Rate in the order of 10% for sundry income
- Internal Yield for discount flow analysis at 7%
- Internal Rate of return at 10%

The capitalisation method has revealed a value of \$56,767,180 which has been rounded to \$56,750,000 and the discount cashflow method has indicated a value of \$59,387,685 before acquisition costs and \$56,026,120 after acquisition costs. In determining our final valuation figure we have had regard to both methods and also that the property is currently under offer at \$56,200,000 which reflects a yield of 7.47% on the guaranteed income (for the 12 months following settlement of the acquisition) of \$4,200,000.

Date of Valuation

In accordance with our instructions at the assumed calculation date being the 31st May 2004.

Market Value

FIFTY SIX MILLION TWO HUNDRED THOUSAND DOLLARS (\$56,200,000)

Prepared By



Steven L Kish
 Associate of Australian Property Institute
 Licensed Valuer No. 498 in WA
 Director



Keith J Collins
 Associate of Australian Property Institute
 Licensed Valuer No. 490 in WA
 Director

This valuation amount is EXCLUSIVE of a Goods and Services Tax.

This report has been prepared for inclusion in a PDS issued by Kareelya Investments Limited, the responsible entity of the Westralia Property Trust.

SECTION 9 TAXATION INFORMATION

9.1 Taxation of the Trust

Under current income tax legislation the Trust will not pay income tax on its net income provided it distributes all of the net income to Investors. The Responsible Entity will each year for taxation purposes distribute the whole of the net income to Investors therefore the Trust will not pay tax in its own right.

9.2 Taxation of distributions to Investors

The distributions to Investors may include different components such as an assessable income component, a tax advantaged income component, a net capital gains component and a discount capital gains component, each of which has different tax implications for Investors. These different components of distributions from the Trust can arise from the activities of the Trust itself, or they can arise from the distributions to the Trust from the underlying investments of the Trust.

The assessable income component will be taxable in the hands of Investors and should therefore be included in Investors' income tax returns as assessable income. For the period to 30 June 2005 all distributions from the Trust will be 100% tax advantaged which means Investors will not pay income tax on the distributions.

Tax advantaged income arises from favourable tax timing differences including building allowances, depreciation allowances and the write off over five years of the Trust's establishment costs. Tax advantaged income is not ordinarily included in an Investor's assessable income. However, it may give rise to a capital gain to the extent that the total tax advantaged distributions during the period of ownership of a Unit exceeds the cost base of the Unit. When and if this occurs, the excess, subject to any allowable capital gains tax ("CGT") discount, will be taxable to the Investor. This also means that all future tax advantaged distributions will also be taxable. In addition, where tax advantaged distributions reduce the cost base of a Unit any subsequent capital gain on the sale of that Unit will be calculated by reference to the reduced cost base of the Unit and not the original cost.

The net capital gains component will only occur where the Trust sells an asset which it has held for less than 12 months and a capital gain arises on the sale of that asset. The capital gain will be included in the calculation of the net income of the Trust and the component of the distribution to Investors representing the capital gain will be assessable to the Investors.

Where the Trust sells an asset that it has held for more than 12 months, any capital gain arising may be reduced by 50% for the purposes of calculating the net capital gain of the Trust. This is called a discount capital gain or CGT discount. Where this occurs, the discount capital gain component of an Investor's distribution should be grossed up by the amount of the discount capital gain for the purpose of calculating the Investor's net capital gain to be included in the Investor's tax return. The discount capital gain does not reduce the cost base of an Investor's Units.

While the discount capital gain must be grossed up, the Investor will still be entitled to reduce this grossed up capital gain by 50% for individuals and trusts, or 33.33% for superannuation funds, in calculating the Investor's net taxable capital gain.

9.3 Disposal of Units

Capital gains may arise on the disposal of Units in the Trust. Capital gains will generally equal the excess of the consideration received from the disposal of the Units over the cost base or reduced cost base as the case may be. Units acquired under this PDS will generally have a cost base equal to the amount paid (reduced by any future tax advantaged distributions).

If the Investor is an individual, trust or complying superannuation fund and has owned the Units for more than 12 months, the CGT discount should be available. In this case the amount of the capital gain to be included in the Investors taxable income can be reduced by 50% for individuals and trusts and 33.33% for complying superannuation funds.

9.4 Tax File and Australian Business Numbers

Investors need not quote a Tax File Number (“TFN”) when applying for Units. However, if a TFN is not quoted, or no appropriate TFN exemption claimed, the Responsible Entity is required to deduct tax from their distributions at the highest marginal tax rate of 47% plus the Medicare Levy of 1.5%.

9.5 Goods and Services Tax (“GST”)

The issue, acquisition or sale of Units in the Trust will be input taxed supplies for GST purposes so that they will not be subject to GST. Similarly, distributions of income by the Trust to Investors will not be taxable supplies and therefore will not be subject to GST. An investment in the Trust, by itself, will not require Investors to obtain an Australian Business Number or register for GST purposes.

9.6 Completing your tax return

Within 90 days after the end of each financial year you will receive a report from Kareelya which will contain information on the distributions you have received and the taxation treatment of those distributions. This information is important, whether you reinvested your distributions or not. You should not complete your tax return until you have received this report from Kareelya.

9.7 Non-residents of Australia

The information on taxation in this section applies to Investors who are residents of Australia. Any Investor who is not a resident of Australia should obtain their own taxation advice on the taxation effects of an investment in the Trust.

Non-residents may be subject to withholding tax on some, or all of their distributions from the Trust.

SECTION 10 KAREELYA INVESTMENTS LIMITED

10.1 About Kareelya Investments Limited

Kareelya is the responsible entity of the Trust. It is a wholly owned by Kareelya Limited which, in turn, is 52.8% owned by private investors and 47.2% owned by Caversham Property Pty Ltd, whose ultimate holding company is Futuris Corporation Limited.

Kareelya holds an Australian Financial Services Licence No. 225064 issued by ASIC which allows Kareelya to operate and manage the Trust and all types of direct property based managed investment schemes and time sharing schemes. Kareelya complies with ASIC's financial requirements for a responsible entity.

10.2 Kareelya's experience with managed investment schemes

Kareelya is one of Australia's leading tourism developers with syndicates that own substantial property located in popular resort locations throughout Western Australia. Typically, these properties were developed and completed by the Kareelya Property Group and now operate under the hotel/resort management of Broadwater Hospitality Pty Ltd and Broadwater Hospitality Management Pty Ltd, which are also wholly owned by Kareelya Limited. At the date of this PDS, Kareelya has \$76,000,000 in funds under management.

10.3 Extensive property experience

The Kareelya Group, including Kareelya Investments Limited, has been involved in the development and acquisition of the following tourism properties:

- 1986 - the \$6,000,000 3-star, Geographe Bay Holiday Park.
- 1989 - the \$25,000,000, 4-star, Broadwater Beach Resort, Busselton
- 1994 - the \$14,000,000, 4-star Como Resort Apartments, Broadwater, Como.
- 1996 - the \$28,000,000, 4.5-star Pagoda Hotel & Apartments, Broadwater, Como.
- 2001 - the \$25,000,000, 4-star Bungalows Beach Resort, Broadwater, Busselton.
- 2001 - the \$17,500,000 acquisition of the Dunsborough Beach Resort.
- 2003 – the \$19,500,000 4.5-star Broadwater Apartment Hotel, Kalgoorlie

The Kareelya Limited Group is now developing the following:

- Broadwater at the Silos, Bunbury - a mixed use development site.
- Broadwater at the Marina, Geraldton - a mixed use development site.
- Swanview development, Como - a mixed use development site.

Existing Broadwater branded resort properties are distinctive and have been recognised by the receipt of a number of awards including the AHA Award for Excellence for the best Hotel/Motel Accommodation and the Sir David Brand Special Commendation Award for Tourism.

The Kareelya Limited Group's expertise is not limited to tourism developments as it has undertaken significant residential and commercial developments which have generally been sold by private treaty rather than through a collective investment vehicle, such as a syndicate.

10.4 The role of Kareelya

The duties and obligations of Kareelya are set out in the Constitution, the Act and the Listing Rules. The main provisions of the Constitution are summarised in Section 13. Kareelya is charged with the responsibility of preserving and protecting the ownership of the property of the Trust. In addition, Kareelya handles the day to day administration and management of the Trust.

10.5 Directors of Kareelya

Brett Leslie Jackson

Brett is a founding director of Kareelya Investments Limited and other related companies in the Kareelya Property Group of companies that commenced operations in 1986.

Brett Jackson originally studied accounting and valuation at the Western Australian Institute of Technology and subsequently worked as a valuer and property manager for one of Perth's largest real estate companies. He later worked as an accountant with Coopers & Lybrand in their business services and taxation division before joining Kareelya Investments Limited.

Brett has served as a councillor of the WA Tourism Industry Development Advisory Council. During his term as a councillor, he was actively involved in promoting syndicated property developments that had features that protected all relevant parties.

Graeme Michael Goff

Graeme Goff is an accountant and is the nominated Compliance and Complaints Officer for Kareelya. Graeme holds a Bachelor of Business from Curtin University and is an associate member of the Institute of Chartered Accountants.

In 1986 Graeme joined Coopers & Lybrand (now PricewaterhouseCoopers (PWC)) and after reaching the level of director, he left PWC and joined Kareelya in 1999. Graeme's position with PWC required direct involvement in administrative and compliance matters of emerging businesses, taxation planning and preparation of accounts generally.

After joining Kareelya, Graeme became responsible for establishing the accounting policies and procedures for the pooled income managed investments and the finalisation of the annual accounts and income tax returns of all managed investments operated by Kareelya Investments Limited.

Raymond Leslie Andersen

Ray Andersen is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. Ray is an associate member of the Institute of Chartered Accountants, a Fellow of the Taxation Institute of Australia and he is also a member of the Committee of the Australian Direct Property Investment Association.

From 1970 to 1981 Ray was employed by the Australian Taxation Office. In 1981 Ray joined Coopers & Lybrand (now PWC) as a Manager in that Firm's Taxation Group and was admitted as a Partner in 1987 and he remained in that role until he left the firm in 1998.

After leaving PWC in 1998 Ray commenced working with the Kareelya Property Group where he now coordinates the preparation of disclosure documents for new managed investment products and manages the ongoing compliance of all of the schemes for which Kareelya is the responsible entity as the Chairman of each scheme's compliance committee.

David Ayers Hinton

David Hinton is a Chartered Accountant and is the Chief Operating Officer of the Kareelya Limited Group. David commenced his current position with Kareelya in July 2003 under secondment from Futuris Corporation Limited.

David joined Futuris Corporation Limited as Group Financial Controller in 1995. In this role he was responsible for the preparation and coordination of financial statements including budgets and forecasts. During this time he gained extensive financial management expertise and was involved in several large corporate transactions. Prior to this David worked for Ernst & Young in audit and corporate finance, both in Australia and London.

10.6 The Custodian

The Custodian is Sandhurst Trustees Limited (Sandhurst) which holds the Trust's assets as agent for Kareelya.

Sandhurst is a long established and respected trustee company, which was incorporated in Victoria 115 years ago. It provides a wide range of trustee and custodial services to fund managers and responsible entities.

As custodian, Sandhurst has a contractual arrangement with Kareelya to hold title to the Portfolio and any other property of the Trust as required by the Act or the terms of Kareelya's licence.

The Custodian does not have a direct relationship with Investors and owes no duty to, or responsibility to the Investors. The Custodian is bound only by the terms of the agreement and takes no responsibility for the content or the issue of this PDS, nor any liability or loss which may be suffered by an Investor.

As the custodian, Sandhurst is not the issuer of this PDS and has not prepared any part of it. Sandhurst makes no representations and takes no responsibility for the accuracy of any statement in, or any omission from, any part of the PDS. Sandhurst and its directors and associates do not guarantee the performance or success of the Trust, the repayment of capital, or any particular rate of return on either capital or income.

10.7 The Compliance Committee

The compliance committee for the Trust has three members, two of whom are external independent members. The functions of the compliance committee include:

- (a) Monitoring Kareelya's compliance with the Trust's Compliance Plan and assessing the adequacy of the plan.
- (b) Reporting to Kareelya about any breach of the Act, the Constitution or the Compliance Plan of which the committee becomes aware or suspects.
- (c) Reporting to ASIC if the committee considers Kareelya has not taken, or does not propose to take, appropriate action to deal with any breach or suspected breach of the Constitution or Compliance Plan that has been reported to Kareelya.

The members of the compliance committee include an executive director of Kareelya and two external members, one of whom is a Chartered Accountant in public practice and the other member is a property consultant with specialist skills in strata titling of property.

SECTION 11 FEES & EXPENSES

11.1 Outline of fees and expenses

This section shows significant fees you may be charged from the Trust. All the fees listed below are paid from the Trust's funds or are deducted from individual Application Money. It is important to note you are not required to separately make payment for any of the amounts set out in this section of the PDS. Fees and expenses do not include tax you must pay on any income you earn, and this remains your responsibility.

We recommend you read all of the information about fees and expenses as it is important to understand their impact on your investment in this Trust.

Significant fees

Fee	Amount	How and when paid
Establishment fee This is the fee to set up your account in the Trust.	Nil	Not Applicable
Contribution fee (entry fee) This is the fee for the initial and every subsequent investment that you make to the Trust (or that may be made on your behalf, for example, by an employer).	Nil – no contribution fee is currently charged.	The Constitution permits a fee to be paid to Kareelya on capital raised at a rate of 5% of the amount subscribed. However, Kareelya has no intention to charge this amount in relation to this Offer.
Withdrawal fee This is the fee charged for each withdrawal you make from the Trust (including any instalment payments and your final payment).	Nil	Not Applicable
Termination fee This is the fee charged when you close your account with the Trust.	Nil	Not Applicable
Ongoing fees This is the total of all ongoing administration, investment management, expense recovery and other fees charged by the Trust. A breakdown of these fees is shown in the "Breakdown of ongoing fees table" that follows.	Ongoing fees comprise: <ul style="list-style-type: none"> 0.25% pa of the value of the Trust's assets. 3.5% of the net annual income of the Trust where net income is adjusted to add back depreciation, building allowances, interest and finance costs and other administrative charges incurred in managing the Trust. 3.5% pa of the growth in capital value of investments The expenses of the Trust are also deducted. These are forecast to not exceed 0.7% of the assets of the Trust during the forecast period.	<ul style="list-style-type: none"> The asset value component of the fee is paid monthly in arrears from the funds of the Trust. The net income component of the fee is paid quarterly in arrears from the funds of the Trust. The capital growth fee is calculated and paid annually from the funds of the Trust Details of other expenses are set out in the "Breakdown of ongoing fees" table.

Switching fee This is the fee charged when you switch between investment options offered by the Trust.	Nil	Not Applicable
Adviser service fee This is the fee charged by your adviser for advice about your investments in the Trust (an adviser may also receive other amounts as commission).	Nil	Not Applicable

Breakdown of ongoing fees

This table contains a breakdown of the ongoing fees shown in the previous table. These fees are not additional.

Fee	Amount	How and when paid
Administration fee This is the fee to cover the general administration of the Trust.	Nil	Not applicable
Investment management fee This is the fee for managing the Trust's investments.	Nil	Not applicable
Issuer fee (referred to as management fee) This is the fee for the product issuer's services in overseeing the Trusts' operations and/or providing access to the Trust's investments.	Ongoing management fees comprise: <ul style="list-style-type: none"> • 0.25% pa of the value of the Trust's assets • 3.5% of the net income of the Trust where net income is adjusted to add back depreciation, building allowances, interest and finance costs and other administrative charges incurred in managing the Trust • 3.5% of the growth in the capital value of the Portfolio. 	<p>The asset value component of the fee is paid monthly in arrears from the funds of the Trust</p> <p>The net income component of the fee is paid quarterly in arrears from the funds of the Trust</p> <p>The capital growth fee is calculated and paid annually from the funds of the Trust</p>
Expense recoveries This is an estimate of the out-of-pocket expenses we are entitled to recover from the Trust.	The expenses of the Trust are also deducted. These are forecast to not exceed 0.7% of the assets of the Trust during the forecast period.	Payable from the resources of the Trust as and when expenses are incurred
Member fee This is a member account-keeping fee charged by the Trust.	Nil	Not applicable

11.2 Important additional disclosure items

Acquisition fees

Kareelya is entitled to be paid a fee of up to 5% of the purchase price of any authorised investment acquired for the Trust. This fee is payable on the day of the acquisition of the relevant investment and is in consideration for the co-ordination of the acquisition.

Kareelya is entitled to a fee of \$2,810,000 in respect of the acquisition of the Property however, from this fee, Kareelya will meet the cost of commissions, underwriting fees, valuation fees, rating report fees and the PDS preparation costs. That is, these other costs will not be recovered from the Trust.

All fees payable to Kareelya are net of GST. Therefore, when Kareelya presents a tax invoice to the Trust, the Trust will be entitled to claim a GST input credit from the Australian Taxation Office for the GST amount included in the invoice.

11.3 Kareelya's policy on waiving fees

In some cases, Kareelya is both the responsible entity of the Trust and also the responsible entity of an underlying investment entity. As the responsible entity of the underlying investment entity, Kareelya will charge a fee for managing that entity on behalf of the various investors, one of whom will be the Trust. Therefore, if Kareelya charges a fee again as responsible entity of the Trust, then it would be effectively "double dipping" by charging a management fee to manage the same investment.

Some of the underlying investments owned by the Trust are wholly owned, such as MSMPT and KAHS. For these investments the fees are charged at the level of the underlying investment, but then no additional fees are charged by the Trust for managing the interest it holds in the underlying investment. For example, in the wholly owned MSMPT, the Responsible Entity is entitled to charge fees as Trustee of MSMPT. However, the Responsible Entity has agreed to waive 50% of the fees due to it in the forecast period. After 30 June 2005, the Responsible Entity may charge 100% of the fees due to it under the MSMPT constitution. If this occurs, the Trust will then not charge any additional ongoing fees for managing its investment in MSMPT. This will also be the case for any investment which is wholly owned by the Trust. The fees in any underlying investment are equal to or less than the ongoing fees set out in the significant fees table in section 11.1.

In cases where the Trust owns less than 100% of the underlying investment, Kareelya will waive up to 75% of the fees to which it is entitled as responsible entity of the Trust for so long as Kareelya (or one of its associates) is managing the underlying investment entity in which the Trust has invested. Not all of the fees will be waived because Kareelya believes that the Trust's listed status and the enhanced liquidity this brings to Investors (compared to investing in the relatively illiquid underlying investments) is of distinct value to Investors.

The financial information and forecasts in Section 6 have taken into account Kareelya's policy of waiving part of its fee entitlements.

In addition, Kareelya reserves the right to either waive, or defer fees due to it in other circumstances.

If Kareelya changes its policy on waiving or deferring fees, it will give Investors 90 days notice of the changes to its policy. There are no circumstances of which Kareelya is currently aware which will cause Kareelya to amend its policy to increase the fees charged to the maximum allowable amounts under the Constitution.

11.4 Entry fees and commissions

Investors do not directly pay any entry fees in addition to, or out of their Application Money.

Kareelya may offer brokers, advisers or other introducers of Applicants, a commission, provided those persons are lawfully able to receive such payments. If offered, Kareelya will pay these commissions up to a maximum of 5% of the equity raised out of Kareelya's fee entitlement, not the Trust funds.

11.5 Expenses of the Trust

Kareelya will pay all of the expenses in administering the Trust out of the Trust's funds. Investors will not be individually liable for any of the Trust's expenses directly. The expenses for the Forecast Period are set out in Section 6 of this PDS.

11.6 Management expense ratio (MER)

MER is a useful measure for comparing ongoing fees and expenses of investing in the Trust with the costs you would normally incur if you invested directly in the assets held by the Trust.

The MER calculation excludes expenses such as transaction costs on the purchase and sale of assets in the Trust and any applicable government taxes and charges that you would incur if you invested directly in the Trust's assets. On the other hand, the MER is the total of all ongoing fees, including management fees, expenses and expense recoveries as a percentage of the average gross value of the assets in the Trust.

The MER for the Trust since listing on the ASX to 30 June 2005 is set out in the table below:

Year ending	MER
30 June 2002	1.01%
30 June 2003	0.72%
30 June 2004*	0.81%
30 June 2005*	0.59%

* This is a partial forecast to 30 June 2004 and a forecast for the full year to 30 June 2005 respectively.

The MER is decreasing as the size of the Trust grows, although we make no forecast about any future reductions as the effect of increasing the size of the Trust will have a lesser influence on reducing the MER over time.

To bring the total cost of investing in the Trust back to dollar amounts, this means that if you invest a minimum of \$5,000 in the Trust and based on a gearing ratio of 52%, then the amount of money which is allocated to fees and expenses is forecast to be \$59 for the year ending 30 June 2005.

Investors do not have to pay these amounts separately as they are paid out of the funds of the Trust.

11.7 Stamp Duty

While the Trust is listed on the ASX, no stamp duty is payable on the issue or subsequent transfer of Units.

SECTION 12 RISK FACTORS

Investors should note that the future performance of the Trust may be influenced by a number of factors, many of which are outside Kareelya's control. The level of future distributions of income and the value of your investment may be influenced by some, or all of these factors. Investors are encouraged to obtain independent legal, accounting and/or financial planning advice in relation to these matters.

Set out below is a summary of some of the risk factors associated with this investment. Please note that there may be other risk factors in addition to the ones set out below, however, Kareelya believes these to be the major risk factors:

12.1 Economic factors

The performance of the Trust's investments could be affected by domestic and/or international factors. Should either the world or Australian economies experience a downturn, then this is likely to have an effect on the returns achieved by the Trust. This would, in turn, impact on the returns to Investors. The Federal Government's fiscal and monetary policies may also impact on the Trust's operations.

12.2 Changes in taxation and other laws

The forecast returns to Investors set out in this PDS are based on the taxation law at the date of the PDS. The forecast returns may be affected by future changes to the law that could impact on the ability of Investors to benefit from the flow through of Trust tax deductions currently available to Investors.

12.3 Section 51AD

Section 51AD of the Income Tax Assessment Act 1936 was introduced in the early 1980's in order to prevent taxpayers from being able to exploit possible tax advantages from highly leveraged non recourse debt financed acquisitions of government assets which were subject to a sale and lease back arrangement. In essence, Section 51AD applies to situations where an asset is financed with non recourse debt which represents more than 50% of the purchase price, and the asset is leased wholly, or partly, to a tax exempt entity such as a State or Commonwealth Government department.

If Section 51AD applied to MSMPT then MSMPT could be denied a proportion of the income tax deductions for depreciation and other expenses relating to ownership of the Property. This could result in a reduction in the tax advantaged proportion of future distributions from the Trust.

Kareelya has considered the potential application of Section 51AD and is satisfied that the financing arrangements put in place, which include the Trust guaranteeing a part of the MSMPT bank debt, will mean that Section 51 AD should not apply to MSMPT or the Trust.

12.4 Capital gains or losses

The value of the Trust's investments may fluctuate depending upon real estate values and other factors affecting the underlying assets. While Kareelya considers that there is the potential for Investors to make capital gains, it makes no assertion as to the likely capital gains that may be derived, or whether any capital gains at all will be achieved.

12.5 Liquidity and listing

Kareelya will apply to have the New Units quoted on the ASX. Although the Trust is currently listed, there is no guarantee the Trust will remain listed, nor can Kareelya give any assurances about the extent of the market for Units. If there is limited demand for the Units, then Investors may not be able to sell their Units at the price, or within the time, they want.

12.6 Investment risk

The value of Units will be directly affected by the value of the Trust's investments in the Portfolio. Each of the underlying investments in the Portfolio may be adversely affected by the happening of any risk factors which are specific to that investment. The risk factors mentioned in this Section can be equally applied to each of the underlying investments.

12.7 Market risk

The price of Units on the ASX is likely to fluctuate due to circumstances which affect the broader market generally, as well as issues affecting the Trust and its specific investments.

12.8 Borrowing risk

Although it is not envisaged that the Trust will borrow substantial additional funds in the short-term, Kareelya has the power to borrow under the terms of the Constitution. If borrowing occurs, then such loans may magnify gains or losses and increase the volatility of returns to Investors. In addition, unfavourable movements in interest rates would lead to increased interest expense and therefore reduce the amount available for distribution to Investors. In extreme cases the Trust may not have sufficient funds to meet its loan repayment obligations. For an analysis of the affects of changes in interest rates on the Trust see Section 6.5.

Investors should note that the assets in the investment entities are likely to be funded partly by debt, therefore, the Trust's intention is not to gear its own investments in those underlying investment entities.

12.9 Sector specific risks

Tourism

A number of the assets in the Existing Portfolio are exposed to the tourism industry, and some of those assets are in regional locations. In general, tourism tends to be a more volatile asset class than other forms of property. This is due to the short-term nature of accommodation requirements for tourists compared to office and retail tenants who usually take long-term leases. At the same time, there is the potential for tourism assets to appreciate more quickly in the right economic environment. This is because it is easier for tourism operators to adjust room rates and facilities according to shifting patterns of demand. Regional locations also increase the volatility of returns due to the lower population base available to utilise those facilities.

Commercial property

Commercial property markets, as with all investment markets, may increase or decrease in value. The value of the Property and returns to Investors may be affected by changes in the market for office and/or retail space in Perth's central business district. For example, the value of the Property may be affected by deregulation of retail trading hours which could affect Sunday trading in the Perth CBD. There are also risks associated with the Property not being fully let after expiry of the Vendor's rental guarantee, by tenants failing to comply with their lease terms, by tenants not re-leasing tenancies on expiry of existing lease terms or by unforeseen capital expenditure requirements.

12.10 Credit risk

WPT Finance Pty Ltd will lend to borrowers to allow them to invest in other investments managed by Kareelya or its associates. If borrowers default on their principal or interest payments, then the Trust may not generate its forecast return. The loans will be secured by personal guarantees from the borrowers and charges over the investments acquired using the loan money, however there may not be any other security taken.

12.11 Dilution Risk

As the Trust issues Units to new Investors, the proportional beneficial ownership of existing Investors in the underlying assets of the Trust may be reduced. For example, if an Investor does not reinvest their distributions, then their ownership in the Trust may be diluted.

12.12 Risk to forecast distributions if asset sell-down does not occur as planned

The forecast distributions of income rely to a significant extent on the proposed sale of investments in property syndicates held by the Trust. Details of the proposed sell-down are referred to in Section 5.4 and the assumptions adopted for the purposes of the forecasts are set out in Section 6.2.

At the date of this PDS the income yield from the investments in the property syndicates which are proposed to be sold down is lower than the income which the Trust could generate if those investments are sold to third parties. The proceeds can be reinvested in other assets with higher yields, or the purchasers can be financed to 100% of their investment by WPT Finance Pty Ltd. In this latter case, the interest (after costs) earned by the Trust will exceed the yield on the investments.

To achieve this outcome requires the sale of the property syndicate investments to occur in accordance with the forecast assumption in Section 6.2, or at a faster rate. If this does not occur, then the income of the Trust will not be at the level forecast, and in order to maintain distributions at the forecast level the additional amounts will need to be paid out of capital reserves. If this occurs, then the net asset backing (and therefore the value) of the Units in the Trust will fall. It is not possible to say whether any such fall in net asset backing will affect the Unit price on the ASX, however it is reasonable to expect that a fall in net asset backing will create downward pressure on the Unit price.

Risk factors which might affect the sell-down include the following:

- The market appeal of the property syndicate investments may not be sufficient to attract enough purchasers. Kareelya are very experienced in marketing these kinds of investments and have undertaken many similar marketing exercises in recent years.
- The broader economic conditions in Australia or the unlisted property trust or syndicate markets may not be conducive to the sell-down.
- The investments in DHPS, KAHS and PHPS have not performed as forecast historically and this may be considered less attractive as an investment for prospective purchasers. However, Kareelya is confident the performance of those investments will improve based on a revised outlook for the underlying assets in those property syndicates. This improved outlook, together with high levels of taxation depreciation and building allowances will mean the marketing of those property syndicate investment should be achievable having regard to the sell-down program.

12.13 How are the risks managed?

To manage these risks Kareelya will undertake all of the actions normally associated with prudent management of a portfolio consisting of direct and indirect property investment. Kareelya has a demonstrable track record in the management of direct property managed investment schemes and the risks associated with them. In particular, Kareelya's successful history in both developing and managing tourism related properties will be drawn upon in minimising risk and maximising Unit value.

Prior to making any investment for the Trust, Kareelya will undertake a thorough investigation into a number of quantitative and qualitative factors which include:

- the level and stability of the income stream expected from the investment,
- the quality of the underlying property and the tenants relating to each investment,
- potential liability for any capital expenditure, and the extent to which that has been budgeted,

- the strength and length of the underlying leases,
- the potential for capital appreciation,
- the risk profile of the investment and the competency of the property management, and
- the tax advantaged position of the expected income.

The Trust is likely to make investments in other projects or enterprises operated by Kareelya, or its associates, or unrelated managers. In each of these cases the assessment will be undertaken at the level of the entity which owns the relevant property or property based security. Aspects of that assessment will again be undertaken at the Trust level to ensure the investment is appropriate for the Trust.

In relation to the Property, Kareelya has obtained the valuation summarised in Section 8 and has engaged an independent rating agency to rate the Trust's investment in the Property.

SECTION 13 SUMMARY OF IMPORTANT DOCUMENTS

The following is a summary of material agreements and documents which are relevant to the Trust. These are:

- Constitution
- Compliance Plan
- Custodian Agreement
- Sale Contract for 166 Murray Street, Perth

Copies of these documents are available free of charge from the office of Kareelya. Applicants should consider whether it is necessary for them to obtain independent advice on any of the documents.

13.1 Constitution

The Constitution of the Trust is the primary document governing the relationship between the Investors and Kareelya, as responsible entity. It is dated 7 May 2001 and has been lodged with ASIC. There have been four amendments to the Constitution since it was first established. The Constitution contains extensive provisions about the legal obligations of the parties and the rights and powers of each.

The terms of the Constitution deal with matters such as:

- Determining Unit issue pricing.
- The broad powers of investment granted to the Responsible Entity.
- Complaints handling which is conducted by a complaints handling officer.
- Fees and expenses payable to the Responsible Entity.
- The liability of the Responsible Entity to Investors.
- Calculation of the net income of the Trust and when it is to be distributed to Investors.
- The powers granted to the Responsible Entity to manage the Trust.
- The Responsible Entity may enter into a transaction with a person dealing with the Trust or become interested in any such transaction.
- Kareelya may make deductions from distributions for any amount of tax which is paid or payable by Kareelya in respect of an Investor.
- Resolution of disputes between the Responsible Entity and an Investor.
- Distribution reinvestment.

13.2 Compliance Plan

The Compliance Plan sets out the principles and procedures which Kareelya must apply to ensure that it complies with the provisions of the Corporations Act, ASIC policy and the Constitution. The Compliance Plan is dated 7 May 2001 and has been lodged with ASIC.

It deals with an extensive range of issues from the formation and operation of the compliance committee, to the frequency and manner in which a valuer will be engaged to provide up to date valuations of the Trust's assets.

The Compliance Plan also sets out the systems that should be in place to ensure competent management of the Trust. Procedures for a wide variety of functions, including accounting, filing and office security are also covered.

13.3 Custodian Agreement

This agreement is dated 24 October 2002 and sets out the terms of the relationship between Kareelya and Sandhurst Trustees Limited (the Custodian). The general obligations of the Custodian are summarised at Section 9.6 of this PDS. Kareelya also has obligations under the agreement, such as placing the Trust's assets into the control of the Custodian and to indemnify the Custodian in respect of any liability the Custodian may incur in acting in accordance with Kareelya's directions, or performing any other duties under the agreement.

The Custodian will only carry out instructions in respect of the Trust which are given and authorised by Kareelya.

The Custodian will be paid an annual fee being the greater of \$15,000 or 0.05% of the gross value of the Trust's assets. In addition, the Custodian is entitled to be reimbursed for out of pocket expenses incurred in performance of its duties.

13.4 Sale Contract

Set out below is a summary of the Sale Contract.

Buyer: Kareelya Investments Limited ACN 072 899 060, as responsible entity for the Murray Street Mall Property Trust ABN 47 976 164 641.

Seller: Saracen Properties Pty Ltd ACN 068 452 031, as trustee for the Murray Street Mall Unit Trust ABN 89 28 801 205.

Form of document: On 25 November 2003 the Buyer and the Seller entered into a call option agreement in relation to the Property. Attached to the call option agreement was the form of Sale Contract to apply if the call option was exercised. By two deeds of variation dated 22 December 2003 and 25 February 2004 respectively, amendments were made to the call option agreement and the form of Sale Contract. On 27 February 2004 the Buyer exercised the call option, executed the Sale Contract and delivered the Sale Contract to the Seller. On 28 February 2004, the Seller executed the Sale Contract.

Date of Sale Contract: 28 February 2004.

Deposit Paid: \$50,000.

Purchase Price: \$56,200,000.

Property: The land, buildings and improvements located at 166 Murray Street, Perth, Western Australia and more particularly being Lot 110 on Diagram 77765 and being the whole of the land comprised in Certificate of Title Volume 2141 Folio 483.

Settlement Date: 31 May 2004.

Condition Precedent: The Buyer may provide a "Finance Confirmation" to the Seller prior to 5.00 p.m. on 8 April 2004. The Finance Confirmation is a letter issued by the Buyer stating that finance is available to purchase the Property. If the Finance Confirmation is not provided, then the Sale Contract automatically terminates.

Leasing Matters Prior to Settlement: Prior to settlement the Seller must not take any action in relation to any lease of part of the Property without giving the Buyer prior written notification of the proposed action and obtaining the prior written consent of the Buyer to the action (such consent not to be unreasonably withheld). Prior to settlement the Seller must use its best endeavours to lease the vacant areas of the Property but the Seller must liaise with the Buyer and obtain the Buyer's prior approval (such approval not to be unreasonably withheld) of any new leases of vacant areas.

Apportioning Rent: The rent relating to the period prior to the settlement date belongs to the Seller and the rent from the settlement date belongs to the Buyer. At settlement the rent that has actually been received will be adjusted on this basis. Where under any lease turnover rent is charged and paid by the relevant tenant in a lump sum, once the actual turnover rent is known, then that turnover rent will be apportioned on a pro rata basis between the Buyer and the Seller once that turnover rent has been received.

Apportioning Outgoings: At settlement the outgoings relating to the Property will be apportioned between the Buyer and the Seller. Where under any lease a tenant pays outgoings to the Seller (**Tenant Outgoings**) then the Tenant Outgoings that relate to the period prior to the settlement date belong to the Seller and the Tenant Outgoings that relate to the period after the settlement date belong to the Buyer. At settlement the Tenant Outgoings will be apportioned.

Rental Guarantee: For the first 12 months following settlement (**Guarantee Period**), the Seller is required to provide the Buyer with a rental guarantee. The Seller has guaranteed to the Buyer that during each month of the Guarantee Period, where the total rent for that month is less than \$350,000 (excluding GST), then the Seller will make a payment to the Buyer equal to the difference between the total rent and \$350,000. If during any month the total rent is above \$350,000, then that portion above \$350,000 is to be carried forward and treated as part of the total rent for the following months.

The amount of the monthly rental guarantee is to be determined by the Buyer as soon as practicable after the end of the relevant month and the Buyer is to invoice the Seller for the relevant amount which the Seller must pay within 30 days of receipt of the invoice. Turnover rent is not included in the total rent for the purposes of calculating the rental guarantee except where the turnover rent relates to the Guarantee Period and has actually been paid. Where, after the Guarantee Period, the Buyer receives turnover rent that relates to the Guarantee Period, then a further adjustment must occur.

Contracts: The Buyer is not required to assume responsibility for any contracts connected with the Property unless it elects to do so. If required by the Buyer, the Seller must assign to or novate in favour of the Buyer the Seller's interests in contracts that relate to the Property in respect of which the Buyer wishes to take an assignment or novation. If a person's consent is needed for an assignment or novation of any contract, then the Seller must obtain that consent prior to the settlement.

Leasing Incentives: The Seller is responsible for paying all fitout contributions and other incentives under the leases.

GST: The Buyer and the Seller have agreed that the sale and purchase of the Property is the supply of a going concern.

Warranties: The Seller has provided a number of warranties and representations in relation to governmental matters, the leases, the land and other matters. Each of the warranties are expressed to be to the best of the Seller's knowledge and belief but are subject to any material disclosed prior to the date of the Sale Contract.

Limitation of Liability: The Sale Contract contains Kareelya Property Group's standard limitation of liability clause. The Seller acknowledges that the Buyer has entered into the Sale Contract solely in its capacity as responsible entity for the Murray Street Mall Property Trust.

Stamp Duty: The Buyer is required to pay the stamp duty on the purchase of the Property. The stamp duty will be approximately \$3,533,500.

General Conditions: The Joint Form of General Conditions for the Sale of Land (2002 Revision) are incorporated into and forms part of the Sale Contract, except to the extent that they are inconsistent with the express terms of the Sale Contract.

SECTION 14 ADDITIONAL INFORMATION

14.1 Consents

Each of the firms listed below has given, and have not before lodgement of the PDS withdrawn their consent to the issue of the PDS with either a reference to them, or with any statements which may have been made by them included in the form and context in which they are included. None of these firms are responsible for the issue of the PDS nor are they responsible for any particular part of it other than where they are specifically referred to:

- (a) Burgess Rawson (WA) Pty Ltd in respect of their valuation of the Property.
- (b) RSM Bird Cameron Corporate Pty Ltd for their Investigating Accountants Report and Independent Review of Directors' Forecast Financial Information.
- (c) McMahon Clarke Legal.
- (d) Sandhurst Trustees Limited.

14.2 Disclosure of interests

Other than the firms or companies listed below, no other company or firm (including one where an expert is a partner) has any interest in the offer of Units under this PDS. No amounts have been paid or agreed to be paid to any person, company or firm for services rendered in connection with the offer of Units in this PDS other than:

- (a) Burgess Rawson (WA) Pty Ltd has provided a valuation for the Property and have consented to the inclusion of a summary of that valuation in this PDS. Burgess Rawson will be paid \$35,000 for their services.
- (b) RSM Bird Cameron Corporate Pty Ltd have prepared the Investigating Accountants Report and in Section 7.1 and the Independent Review in Section 7.2 and have consented to the inclusion of that report in this PDS. RSM Bird Cameron Corporate Pty Ltd will be paid a fee of \$27,500 for their services.
- (c) McMahon Clarke Legal have provided various services in relation to this PDS including reviewing the PDS and participating on the due diligence committee established to review the preparation of the PDS. McMahon Clarke will be paid a fee of \$55,000 for their services relating to this PDS.
- (d) Sandhurst Trustees Limited is the custodian for the Trust and receives the fees as set out in Section 13.3.

14.3 Disclosure of related party transactions

The Responsible Entity is a wholly owned subsidiary of Kareelya Limited. In addition to owning the Responsible Entity, Kareelya Limited also wholly owns the following companies:

- (a) Broadwater Hospitality Pty Ltd ACN 009 470 688 (BHPL)

BHPL is the hotel management company which operates the hotel/resort businesses of the Broadwater Beach Resort, the Bungalows Beach Resort and, in conjunction with Broadwater Hospitality Management Pty Ltd, the Dunsborough Beach Resort and the Broadwater Apartment Hotel Kalgoorlie. The Trust has an investment in the Pagoda Hotel Property Syndicate which owns suites in the Pagoda Hotel and Apartments, which is also managed by BHPL.

BHPL and BHMPL receive fees for managing the hotels/resorts over which they have operating agreements. The fees are typical of those normally charged by hotel operators and are generally 3% of the turnover generated by the hotel that is being managed plus an additional 6% of the gross operating profit of the hotel. The operating agreements are long-term, usually 12 years with options to extend, although there are termination events of the kind usually found in these types of agreements, including termination due to persistent below budget performance.

(b) Broadwater Hospitality Management Pty Ltd ACN 097 743 130 (BHMPL)

BHMPL is the lessee of the Dunsborough Beach Resort and the Broadwater Apartment Hotel, Kalgoorlie. The Dunsborough Beach Resort is owned by the Dunsborough Hotel Property Syndicate, in which the Trust has an investment. The Broadwater Apartment Hotel Kalgoorlie is owned by the Kalgoorlie Apartment Hotel Syndicate, which the Trust currently wholly owns. Both leases are long-term leases with options to renew with the rental payments being structured so that the rent paid to the owner approximates the underlying profit of the resort or hotel.

(c) Kareelya Property Group Pty Ltd ACN 061 709 528 (KPG)

KPG is a company which acts as the project manager for property developments undertaken by entities associated with Kareelya. The Trust currently has a small investment in Swanview Motel Pty Limited which is in the process of being sold... KPG may be appointed as project manager in respect of the development of the property owned by Swanview Motel. Fees paid to KPG will be on normal commercial terms, determined on an arms length basis between the parties...

(d) Bunbury Silos Ltd ACN 088 531 391 (BSL)

Kareelya Limited owns all the shares in BSL, which is developing the Bunbury Silos property.

WPT Finance Pty Ltd, which is wholly owned by the Trust, has amounts due from BSL of \$684,994. Interest is payable on the loan at 15% per annum. The loan is secured by a charge over the assets of BSL.

(e) Broadwater Bungalows Pty Ltd ACN 085 538 496 (BBPL)

Brett Jackson is a director of, and indirectly owns 100% of BBPL, which is the developer of the Bungalows Beach Resort. The Broadwater Busselton Property Syndicate, in which the Trust has an investment, will acquire further units in the Bungalows Beach Resort. The purchase price to be paid for the units will be no more than independent valuations of the units.

Futuris Corporation Limited (Futuris), which wholly owns Caversham Property Pty Ltd (Caversham) which, in turn, owns 47.2% of Kareelya Limited has provided a letter of credit for \$1,500,000 to the Trust but no fees are payable by the Trust.

Interests held by Brett Jackson

Brett Jackson is a director of the Responsible Entity, Kareelya Limited and the entities referred to above with the exception of Futuris and Caversham. In addition, Brett Jackson and entities associated with him beneficially own 22.1% of Kareelya Limited. As a result, Brett Jackson has a financial interest in all of the activities of Kareelya Limited and will benefit personally from its activities.

Other investments by the Responsible Entity and related parties

Kareelya, the directors, officers and other related parties of Kareelya may hold Units in the Trust from time to time. Where this occurs those investments will be acquired on the same terms as any other Investors in the Trust. However, Kareelya and its related parties ultimately may be prevented from voting on some matters where the Act or the Listing Rules require, such as where there is a conflict of interest.

In addition, those same related parties may also have or make investments in the same entities in which the Trust invests. Where this occurs, the investments made by those parties will always be on the same or less favourable terms than the terms on which the Trust invests. Again, there may be voting restrictions where a conflict of interest exists and the Act or Listing Rules prevent certain interests from voting.

At the date of this PDS, the investments of the Trust in which Kareelya or its related parties also have beneficial interests are as follows:

Name of party	Investment	Amount invested	Percentage interest of total investment
Donna Jackson	Pagoda Hotel Property Syndicate	\$20,000	0.8%
Witchcliffe Pty Ltd, a company associated with Brett Jackson.	Swanview Motel Pty Ltd	\$71,000	3.1%

14.4 Management of related party issues

Kareelya and its directors are aware of the potential conflicts of interest which may arise from time to time. These may arise because Kareelya is the responsible entity of both the Trust and other managed investment schemes in which the Trust invests. Potential conflicts of interest may also arise given the role of Brett Jackson as a director of other entities associated with Kareelya which have arrangements or financial interests in other entities.

Kareelya will manage those conflicts in the following way:

- No investment will be made by the Trust unless it has been independently valued by a qualified valuer.
- If the investment is one made in another investment entity for which independent research is available then Kareelya must consider that research in making any decision to purchase.
- The investments will be referred to the Compliance Committee before being made and Kareelya will take into account the views of the committee in making a decision to invest.
- Kareelya and its directors will adhere to the provisions of the Act which prohibit a director from voting, or being present while a vote is being taken at directors' and Investors' meetings, where the director has an interest in the proposed transaction.

14.5 Continuous disclosure

The Trust is a disclosing entity under the Act and is subject to regular reporting and disclosure obligations under the Act and the Listing Rules.

The Act requires the Trust to lodge with ASX half yearly and annual financial reports and notices of other important events as they happen. All of this information may be obtained from, or inspected at, any ASIC office or the office of Kareelya. It will also be available on the websites of the ASX at www.asx.com.au and the Trust at www.westrاليpropertytrust.com.au.

The Listing Rules impose other disclosure obligations on the Trust. In addition to the regular reporting obligations under the Act, the Trust will be required to continuously disclose to the ASX material information and events as they occur.

14.6 Privacy principles

The Privacy Act 1988 (Privacy Act) and amendments made to the Privacy Act by the Privacy Amendment (Private Sector) Act 2000 govern the use of an individual's personal information gained by an organisation from dealings with the individual. The National Privacy Principles of the Privacy Act govern the way in which organisations should treat personal information.

Kareelya is committed to managing and only using personal information in ways that comply with the Privacy Act. As a result, Kareelya will apply the National Privacy Principles in respect of all information you provide in making an application for investment in the Trust.

The information Kareelya obtains from Investors on the Application Form is used to evaluate your application for Units, as well as to issue and manage your investment. Kareelya will retain the information you provide for record keeping purposes, however, once your personal information is no longer required, Kareelya will either destroy it, or retain it in a way that does not identify that it relates to you.

You have a right to know the information Kareelya holds and to require Kareelya to correct any errors. In this regard you can assist Kareelya to keep your details up to date by advising Kareelya of any information that appears incorrect. You can call Kareelya or write to them at the address listed in the corporate directory on the inside back cover of this PDS to obtain details about the information Kareelya hold for you.

As well as reporting to you about your investment in the Trust, Kareelya may use your contact details to let you know about other investment opportunities. If you prefer not to receive these communications please telephone or mail Kareelya at the contact details referred to above. If Kareelya are obliged to do so by law, they will pass your personal information to other parties strictly in accordance with the relevant legal requirements.

A copy of Kareelya's privacy policy is available by contacting Kareelya according to the details in the directory on the inside back cover of this PDS or by going to the web site at www.kareelya.com.au.

14.7 IDPS disclosure

We authorise the use of this PDS as disclosure for those who wish to access the Trust through an investor directed portfolio service (IDPS) or IDPS-like scheme (commonly a master trust or wrap account) or a nominee or custody service, where the operator has provided us with a written undertaking in accordance with ASIC requirements.

SECTION 15 GLOSSARY

Act	The Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
Allotment Date	31 May 2004.
Applicant	A person who has completed and lodged with Kareelya an Application Form included in or accompanied by this PDS.
Application Form	An application made by an Applicant on a duly completed application form included in or accompanied by this PDS.
Application Money	The money paid by an Applicant for Units.
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange Limited
ATO	Australian Taxation Office.
BBPS	Broadwater Busselton Property Syndicate.
Business Day	Means a day on which banks are open for business in Perth, except a Saturday, Sunday or public holiday.
Closing Date	24 May 2004
Compliance Plan	The compliance plan for the Trust lodged with ASIC, together with any modifications of that plan.
Constitution	The document establishing the Trust and governing the relationship between Kareelya and the Investors, including any supplementary or replacement constitutions.
Custodian	Sandhurst Trustees Limited ABN 16 004 030 737 or any other person who is appointed for the time being as the custodian of the Trust.
Custodian Agreement	The agreement entered into by Kareelya and Sandhurst Trustees Limited dated 24 October 2002.
DHPS	Dunsborough Hotel Property Syndicate.
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs.
DRP	The Trust's distribution reinvestment plan.
Existing Portfolio	The investments detailed in Section 5.3 of this PDS.
Existing Units	The 19,597,597 Units on issue at the date of this PDS.
Forecast Period	The period from 1 January 2004 until 30 June 2005.
Investor	A person who has acquired Units.
KAHS	Kalgoorlie Apartment Hotel Syndicate.
Kareelya	Kareelya Investments Limited ACN 072 899 060
Listing Rules	The official listing rules of the ASX.
MSMPT	Murray Street Mall Property Trust.
Net Asset Backing	Means the net value of assets divided by the number of Units on issue. .
New Units	The new Units to be issued under this PDS.
Offer	The offer under this PDS to acquire New Units.
Official List	The official list of the ASX.
PDS	This product disclosure statement or any supplementary or replacement PDS or other disclosure document as defined in the Act, issued by Kareelya in respect of the Trust.
PHPS	Pagoda Hotel Property Syndicate.
Portfolio	The Trust's investments from time to time which for the purpose of this PDS includes the Property and Existing Portfolio.
Property	166 Murray Street, Perth, Western Australia.
Registry	Computershare Investor Services Pty Ltd or any other party who is appointed for the time being to maintain the Trust's register of Investors.
Responsible Entity	Kareelya or any other person who is appointed for the time being as the responsible entity of the Trust.
Trust	Westralia Property Trust ARSN 096 588 046
Unit	Any one of the individual parts into which the beneficial interests in the Trust are divided, as provided for in the Constitution.

SECTION 16 INSTRUCTIONS ON HOW TO INVEST

16.1 Correct Name

The type of entity you are using to purchase Units will determine how you complete the Application Form. Please refer to the table below when completing the name of the Investor.

TYPE OF INVESTOR	CORRECT FORM	INCORRECT FORM
Individual Use given names in full, not initials.	Mr Peter Robert Smith	P.R. Smith
Company Use full company name, not abbreviations.	Smith Building Services Pty Ltd	SBS P/L or Smith Building Services
Joint Holdings Use full and complete names	Mr Peter Robert Smith & Ms Louise Susan Smith	Peter Robert & Louise S Smith
Minor (under 18 years of age) Use the name of the responsible adult with the minor in brackets, not just the name of the minor.	<Ms Jane Elizabeth Smith Jnr> Mrs Jane Elizabeth Smith	Jane Elizabeth Smith Jnr
Trusts Use the name of the trustee with the name of the trust in brackets, using A/C instead of the word "Trust".	Mr Peter Robert Smith <Smith Family A/C>	Smith Family Trust
Deceased Estates Use the executor(s) personal name(s) the name of the trust.	Ms Jane Elizabeth Smith & Mr Peter Robert Smith <Est. John Smith A/C>	Estate of late John Smith or John Smith Deceased
Superannuation Funds Use the name of the trustee with the name of the fund in brackets, not just the superannuation fund.	Mrs Jane Elizabeth Smith <Super Fund A/C>	Smith Superannuation Fund
Partnerships Use the name of the partners and not the name of the firm or business.	Mr Peter Robert Smith and Mr John Smith <Smith Brothers>	Smith Brothers
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Peter Robert Smith <ABC Tennis Association A/C>	ABC Tennis Association

16.2 Minimum Investment

The minimum investment is \$5,000 and thereafter in multiples of \$1,000.

16.3 If you are applying as an individual

Please note that the full names of joint applicants must appear with the second name appearing as applicant #2 on the form. Where there is only one applicant on the form, then just complete the applicant #1 field on the Application Form. Each applicant must complete the date of birth block with their date of birth.

16.4 If you are applying as a trust (family or unit trust, superannuation fund)

You need to apply in the name of the trustee and also note the full name of the trust on the Application Form but inserting the word "A/C" in place of the word "Trust".

16.5 Tax File Number

You do not have to provide us with your Tax File Number (TFN). However, if you do not provide your TFN, then we may be required to deduct tax from any taxable distribution paid to you at the top marginal tax rate. You may be eligible for an exemption to provide your TFN, in which case you will need to state the reason in the Application Form in the space provided.

16.6 Acceptance of Application Form

Once you have completed and returned the Application Form you are bound to become an Investor, should we accept your Application. We may decide whether to accept or reject any Application. Your Application may be rejected if the offer is oversubscribed, or for any other reason.

16.7 Lodging the Application Form

The Application Form and the cheque for the Application Money should be either mailed or delivered to the following addresses:

Mail to:

Westralia Property Trust - Public Offer
C/- Computershare Investor Services Pty Ltd
GPO Box D182
Perth WA 6840

Deliver to:

Westralia Property Trust - Public Offer
C/- Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Alternatively, you may send your Application Form to your dealer or adviser who will forward the application on your behalf.

16.8 Distributions

Distributions of income will be paid to you by direct deposit into an account nominated by you. Please provide your account details on the Application Form.

16.9 How to complete the Application Form

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

- (A) Enter the amount you want to invest. Applications must be for the minimum of \$5,000.
- (B) Enter the TOTAL AMOUNT of application money payable.
- (C) Enter the FULL NAME(S) and TITLE(S) of all legal entities that are to be recorded as the registered holder(s). (Please refer to Section 16.1 for correct name registration.)
- (D) Enter the date of birth of each individual applicant.

- (E) Enter the POSTAL ADDRESS for all communications from the Trust. Only one address can be recorded.
- (F) Enter telephone numbers and a contact person the registry can speak to if they have any queries regarding this application.
- (G) If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN). Otherwise, leave the boxes marked 'CHESS HIN' blank and, on allotment, you will be sponsored by the Trust and an SRN will be allocated to you.
- (H) Enter the tax file number(s) of the applicants. With a joint holding, only the tax file numbers of two holders are required.
- (I) Complete the box if you wish to participate in the distribution reinvestment plan.
- (J) Insert details of bank account into which your income distribution is to be paid. If you do not complete this block Kareelya will treat your Application as if you are participating in the DRP for 100% of your Units.
- (K) Payment of the application money must be made in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to "Sandhurst Trustees Limited - Westralia Property Trust" and crossed Not Negotiable. Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application may be rejected.
- (L) Before completing the Application Form the applicant(s) should read the Product Disclosure Statement to which the application relates. The applicant(s) agree(s) that this application is for Units in the Westralia Property Trust upon and subject to the terms of the Product Disclosure Statement, agree(s) to take any number of Units equal to or less than the number of Units indicated in Box A that may be allotted to the applicant(s) pursuant to the Product Disclosure Statement and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

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CORPORATE DIRECTORY

Responsible Entity

Kareelya Investments Limited ACN 072 899 060
Registered Office
6 Bowman Street
South Perth WA 6151
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Facsimile: 08 9474 2477
Web: www.kareelya.com.au
www.westrاليapropertytrust.com.au
Email: info@kareelya.com.au
Directors
Brett Leslie Jackson
Graeme Michael Goff
Raymond Leslie Andersen
David Ayers Hinton

Solicitor

McMahon Clarke Legal
62 Charlotte Street
Brisbane QLD 4000
Telephone: 07 3831 8999
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Investigating Accountant

RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
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Valuer

Burgess Rawson (WA) Pty Ltd
7th Floor, 221 St Georges Terrace
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Telephone: 08 9288 0288
Facsimile: 08 9481 5353
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Custodian

Sandhurst Trustees Limited ABN 16 004 030 737
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Share Register

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