

WESTRALIA PROPERTY TRUST

Annual Report 04

ARSN 096 588 046



Corporate Directory

RESPONSIBLE ENTITY

Kareelya Investments Ltd
ACN 072 899 060
6 Bowman Street
South Perth WA 6151

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Facsimile (08) 9368 8280

Web www.westraliapropertytrust.com.au

Australian Financial Services

Licence Number

225064

Postal Address

PO Box 706
South Perth WA 6951

Registered Address

6 Bowman Street
South Perth WA 6151

DIRECTORS

Brett Leslie Jackson
Graeme Michael Goff
Raymond Leslie Andersen
David Ayers Hinton

COMPLIANCE COMMITTEE

Raymond Leslie Andersen
Ross Terence Kestel
Ronald Arthur Acott

REGISTRY

Computershare Investor Services Pty Ltd
45 St George's Terrace
Perth WA 6000

Telephone (08) 9323 2000

Facsimile (08) 9323 2033

SOLICITORS

McMahon Clarke Legal
62 Charlotte Street
Brisbane QLD 4000

Corrs Chambers Westgarth
240 St George's Terrace
Perth WA 6000

AUDITOR

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

BANKER

Commonwealth Bank of Australia
150 St George's Terrace
Perth WA 6000

National Australia Bank Limited
50 St George's Terrace
Perth WA 6000

ASX CODE

WST


CUSTODIAN

Sandhurst Trustees Limited
1st floor
410 Collins Street
Melbourne VIC 3000



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Manager's Report

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

After listing on the Australian Stock Exchange in April 2003, the June 2004 year has seen the Trust more than double its total assets from \$53.96m to \$119.28m and to increase its profit for the year to \$845,000 (2003: \$315,000). The purchase of the City Central property, at 166 Murray Street Perth, was a significant milestone for the Trust and will provide the foundation for the Trust to significantly increase its property portfolio over the next few years.





OBJECTIVES AND STRATEGY

The Manager's objective is to acquire a diversified portfolio of property, including some leisure based property, to provide investors with a consistent return. The Manager has established the following objectives and strategies for the Trust.

Objectives

- Significantly increase the asset base of the Trust.
- Aim for consistent earnings growth.
- Expand and diversify the Trust's portfolio.

Strategies

- Ensuring that properties are well located and geographically diversified
- Acquisition of properties that provide a positive incremental impact on distributions.
- That all property acquisitions are rated through an independent rating agency prior to acquisition.
- Ensure quality of earnings through exposure to multiple, credit worthy tenants.

RESULTS

The profit for the year of \$850,000 was in line with the forecast result of \$845,000 included in the April 2004 Product Disclosure Statement and compares favourably with the profit generated in the previous year of \$315,000.

The revenue for the year increased by \$5,596,000 to \$7,128,000. The increase in revenue includes \$4,000,000 being the proceeds from the sale of the Dunsborough land, increased rent income following the opening of the Broadwater Apartment Hotel at Kalgoorlie and one month's rent from 166 Murray Street, Perth.



FINANCIAL POSITION

Total assets of the Trust increased \$65.32m to \$119.28m. As part of the Trust's strategy to grow and diversify its property portfolio the following assets were acquired:

- \$60,651,000 acquisition of the City Central property located at 166 Murray St, Perth.
- \$936,000 acquisition of a further 6% interest in the Pagoda Hotel Property Syndicate (PHPS) increasing the Trust's interest to 80.35%, together with the acquisition of further Pagoda Hotel suites. PHPS now owns 28 (of 101) strata suites at the Pagoda Hotel Broadwater.
- \$593,000 acquisition of a further 23% interest in the Pagoda Fixed Term Property Syndicate (PFTPS) increasing the Trust's interest to 53%.

These acquisitions were financed by equity raised during the year of \$32.0m and borrowings of \$37.5m. The majority of the increase in borrowings was associated with the acquisition of 166 Murray Street, Perth.

The Trust's gearing ratio (interest bearing liabilities divided by total tangible assets) increased to 51% from 44% at 30 June 2003.

Interest bearing liabilities increased from \$23.43m to \$60.90m of which \$37.00m is fixed against interest rate movements in excess of 12 months.

DISTRIBUTIONS TO UNITHOLDERS

Distributions of income were paid quarterly at the rate of 6.44 cents per annum. The tax advantaged component for the 2003/04 distributions is 100%.

The Manager has recently amended the rules of the Distribution Reinvestment Plan. This will enable unitholders, at their election, to reinvest their distributions into new units in the Trust at a discount to the market price.

CAPITAL RAISED

During the year the Trust issued 41,666,667 units at \$0.72 per unit through a public offer and a further 2,939,640 units at an issue price of \$0.70 per unit through a 3:20 non-renounceable rights offer.

The \$32.05m raised was used to partly fund the acquisition of 166 Murray Street, Perth and to reduce debt. The Trust has increased its unitholder base to almost 700 holders.



PROPERTY IN WHICH THE TRUST HAS AN INTEREST

166 Murray Street, Perth

During the year the Trust purchased the City Central property located at 166 Murray Street, Perth at a cost of \$60.65 million. City Central is a modern shopping centre/office complex with a net lettable area of 13,336m² over 5 levels, plus 27 car bays.

The property is adjacent to the Myer department store and opposite the David Jones department store within the main retail precinct of the Perth CBD. It has frontage to both Murray and Wellington Streets and is located approximately 100 metres to the southeast of the Perth Railway Station with direct access via an overpass over Wellington Street.

City Central was purchased on a passing yield of 7.5%. Main tenants include the Federal Government, Woolworths, Fitness First, and Crazy Clarks. These tenants provide the Trust with the benefit of diversification of retail and office income from the one property. Since settlement, the building has become fully tenanted with the key retail tenant now exceeding turnover rental thresholds.



Dunsborough Hotel Property Syndicate

The Trust owns 50.5% (2003: 49.6%) of the Dunsborough Hotel Property Syndicate which owns 100% of the Broadwater Resort and Spa (formerly Dunsborough Beach Resort). The Resort is located on Caves Road, Dunsborough, Western Australia and operates at 4½ Star standard. The Resort is leased to Broadwater Hospitality Management Pty Ltd which operates the Resort under the Broadwater banner. Broadwater Hospitality Management Pty Ltd is a company 100% owned by Kareelya Limited.

During the year 4,000m² of the 2.6 hectare beachfront site was subdivided and sold. The purchaser, 50% owned by Kareelya Limited, will further subdivide this lot into 12 strata titled lots on which luxury houses will be constructed.

Proceeds from the sale of the subdivided lot will be used to fund renovations and improvements to the Resort and to reduce Syndicate debt.

Kalgoorlie Apartment Hotel Syndicate

The Trust owns 100% of the Kalgoorlie Apartment Hotel Syndicate which, in turn, owns the Broadwater Apartment Hotel, Kalgoorlie.

The Broadwater Apartment Hotel is located on the corner of Davidson Street and Oswald Streets in Kalgoorlie. The Hotel opened on 1 August 2003 and has quickly established itself as the premier short stay accommodation in the region. The Hotel comprises 92 suites providing a mixture of hotel studios, and one and two bedroom apartments, all appointed to a 5 star standard, plus conference, restaurant and bar facilities.

Pagoda Hotel Property Syndicate

The Trust owns 80.35% (2003: 74.17%) of the Pagoda Hotel Property Syndicate which, in turn, owns 65.5% (2003: 40.75%) of the Pagoda Fixed Term Property Syndicate. The Pagoda Hotel Property Syndicate owns 28 suites (2003: 25 suites) in the Broadwater Pagoda Hotel and Apartments. The Pagoda Fixed Term Property Syndicate owns the facilities lot in the Hotel which incorporates the bar, restaurant, kitchen and conference facilities within the Hotel. The Trust is seeking to obtain 100% ownership of these two syndicates.

The Broadwater Pagoda Hotel and Apartments is a landmark property, located at 112 Melville Parade, Como, Western Australia. It is a quality resort hotel containing 101 strata titled accommodation suites with luxury 4½ star facilities including spas in every suite, a heated swimming pool, gymnasium and excellent bar, conference and restaurant facilities. Broadwater Hospitality Pty Ltd is the operator of the Broadwater Pagoda Hotel and Apartments.

WPT Finance Pty Ltd

WPT Finance Pty Ltd is wholly owned by the Trust, with loans to borrowers at balance date amounting to \$712,000 (2003: \$4,378,523). During the year interest amounting to \$320,000 (2003: \$834,592) was earned from the loan book.

In September 2003 part of the loan book was sold at book value for \$2,214,666. Repayments of other loans totalling \$1,536,000 were received during the year

The Manager will continue to assess opportunities for WPT Finance to generate additional revenue on investment opportunities for the Trust.

DIVERSIFICATION AND FUTURE INVESTMENTS

The Trust's portfolio of tourism assets has provided significant benefits to the Trust. Notwithstanding this, the Manager's focus is on the diversification of the Trust's total portfolio, which will effectively dilute the tourism portfolio.

The first stage towards this objective was the acquisition of the City Central property in June 2004, which has significantly diversified the Trust's asset portfolio and income base. Investments in non-tourism properties currently represent 55% of the value of the assets in the property portfolio.

The Trust will continue its diversification strategy and pursue opportunities to maintain income to support future distributions to unitholders.

The criteria for future acquisitions is:

- The majority of direct property assets be located in Western Australia.
- Property securities such as investments in other managed investment schemes, or listed property trusts and property investment companies, may be acquired and some of those entities may have assets located either in Australia or overseas.
- Investment in property securities will only be made if the Manager is satisfied with the quality of the management of the investment.
- The Trust may acquire interests in other investment entities managed by the Manager, or any of its associates. This strategy will only be pursued where Kareelya believes there is extra value to be obtained by moving towards control, or total ownership by the Trust of those other investment entities.
- The acquisitions should not materially dilute, either the distribution yield, or the net asset backing of the units for existing Investors.
- Kareelya may change its acquisition policy at any time but it will give Investors notice of that as soon as practicable after the decision to change the policy is made.



THE DIRECTORS

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

Brett Leslie Jackson CHAIRMAN AND MANAGING DIRECTOR

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

Mr Jackson originally studied accounting and valuation at Curtin University 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 (now PWC) in their business services and taxation division before joining Kareelya Investments Limited.

Mr Jackson 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 DIRECTOR AND COMPANY SECRETARY

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

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

Raymond Leslie Andersen

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

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

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

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

David Ayers Hinton

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

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

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

FUTURE DIRECTION

Your directors consider the primary objective of the Manager over the next 12 months is to grow the asset base of the Trust by acquiring additional quality properties for its portfolio. The relative small size of the Trust means it is important that the Trust continues its growth strategy to attract institutional investors and to increase the number of unitholders.

The 2004 financial year was a significant year for the Trust as it secured a quality property with secure income to assist with future growth and development. We look forward to continued support from the unitholders of the Westralia Property Trust in the financial year ending 30 June 2005.



B.L. Jackson
Managing Director
Kareelya Investments Limited

Corporate Governance

In March 2003 the ASX Corporate Governance Council (Council) published its Principles of Good Corporate Governance and Best Practice Recommendations (the Guidelines). The Guidelines are not mandatory but the ASX Listing Rules require the Trust to disclose in its Annual Report the extent to which it has followed the Guidelines and to give reasons why any recommendations have not been followed.

The corporate governance procedures disclosed in last year's Annual Report were in place for the financial year. Since year end the procedures have been reviewed and the necessary policies implemented. The Responsible Entity now reports on these policies in accordance with the ten core principles set out in the Guidelines. Further information on corporate governance policies can be found on the website at www.westrallapropertytrust.com.au

Principle 1

Lay solid foundations for management and oversight.

Recommendation 1.1

Formalise and disclose the functions reserved to the Board of the Responsible Entity and those delegated to management.

The respective roles of the Board and Management of the Responsible Entity are set out in the Compliance Plan which is available to unit holders. In addition, the Board of the Responsible Entity has adopted a Board Charter designed to emphasise the responsibilities of the Board in managing the Trust in a manner which protects and builds wealth for the unit holders, taking into account other stakeholders such as employees, customers, suppliers, lenders and the wider community.

Principle 2

Structure the Board of the Responsible Entity to add value.

Recommendation 2.1

A majority of the Board of the Responsible Entity should be Independent Directors.

The Board comprises Directors or Executives of the Responsible Entity and of the parent entity of the Responsible Entity. Notwithstanding non-compliance with this recommendation the Board considers that unitholders are sufficiently protected due to the establishment of a Compliance Committee.

The role of the Compliance Committee is to monitor the extent of the Responsible Entity's compliance with the Trust's Compliance Plan, Constitution, the Corporations Act 2001 and any offer documents to ensure that the Responsible Entity acts in the best interests of the unit holders.

The Compliance Committee comprises three members, two of which are independent of the Responsible Entity. The Compliance Committee meets on a regular basis.

Additionally, both the Board Charter and the Compliance Plan make it clear that Directors and Compliance Committee members are entitled to seek independent advice where it is reasonably necessary for such members to carry out their role.

For the reasons noted above and due to the relative size and nature of the Trust's activities, the Board does not consider it currently necessary to adopt the following recommendations under Principle 2.

- Recommendation 2.2
The Chairman should be an Independent Director.
- Recommendation 2.3
The role of Chairman and Chief Executive Officer should not be exercised by the same individual.
- Recommendation 2.4
The Board should establish a Nomination Committee.

Details of Directors are included in the Manager's Report.

Principle 3

Promote ethical and responsible decision making.

Recommendation 3.1

Establish a code of conduct to guide the Directors of the Responsible Entity, the Chief Executive Officer, the Chief Financial Officer and any other key executives as to:

3.1.1

The practices necessary to maintain confidence in the Trust's integrity.

3.1.2

The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Trust's Compliance Plan sets out the arrangements the Responsible Entity has to ensure that breaches of the Corporations Act, the Constitution, Australian Financial Services Licence conditions and industry or internal standards are identified, reported and rectified if necessary.

For major acquisitions as required the Responsible Entity establishes a due diligence committee and a valuation sub-committee. The due diligence committee comprises two directors, external legal counsel and a representative of the underwriter if applicable. The valuation sub-committee comprises two directors and an independent valuer.

The Board of the Responsible Entity has adopted a director's code of conduct, which can be found on the Trust's website.

Recommendation 3.2

Disclose the policy concerning trading in Units in the Trust by directors, officers and employees.

The Directors and other parties associated with the Trust who possess inside information must not trade in the Trusts units.

Principle 4

Safeguard integrity in financial reporting.

Recommendation 4.1

Require the Managing Director of the Responsible Entity and the Chief Financial Officer to state in writing to the Board of the Responsible Entity that the Trust's financial reports present a true and fair view, in all material respects, of the Trust's financial condition and operational results and are in accordance with relevant accounting standards.

This recommendation is achieved by the signing of the annual and semi-annual Director's Declaration included in the financial statements.

Recommendation 4.2

The Board of the Responsible Entity should establish an Audit Committee.

Prior to the completion of the financial statements the Board meets with the Auditor present, this meeting is chaired by a Director other than the Managing Director or Chief Financial Officer. At this meeting the Auditor presents his report.

The ASX Listing Rules do not require the Trust to establish an Audit Committee, and given the small size of the Board and the nature of the Trust's activities, the Board does not consider it currently necessary to establish an Audit Committee. The Trust is required by law to appoint a Compliance Committee and, to establish an Audit Committee would involve an unnecessary overlap and administrative burden.

The Board monitors the independence of the Auditor who is required to confirm such independence on a semi-annual basis. The Board monitors the performance and terms of the audit engagement on an annual basis. The Auditor and the audit firm are prohibited from providing any non-audit services that may impinge on their independence. The Responsible Entity engages a separate Auditor and audit firm for the Trust from the Auditor for the Responsible Entity.

Recommendations 4.3 and 4.4 Dealing with the structure and charter of the Audit Committee are not applicable for the above mentioned reasons.

Principle 5

Make timely and balanced disclosure.

Recommendation 5.1

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Responsible Entity has established a continuous disclosure policy designed to ensure timely and full disclosure to unit holders and the market in general, and to ensure that all stakeholders have an equal opportunity to receive and obtain information issued by the Trust. The continuous disclosure policy can be found on the Trust website.

Principle 6

Respect the rights of unitholders.

Recommendation 6.1

Design and disclose a communications strategy to promote effective communication with unit holders and encourage effective participation at general meetings.

The Trust is not required to hold an Annual General Meeting but does from time to time hold unit holder meetings as required by the Constitution or Corporations Act. Notices of meetings and the results of those meetings are posted on the Trust website.

Principle 7

Recognise and manage risk.

Recommendation 7.1

The Board of the Responsible Entity or appropriate Board committee should establish policies on risk oversight and management.

The Responsible Entity has not established a separate Board committee for this purpose. As discussed under Principle 2 the Responsible Entity has established a Compliance Committee to monitor compliance with the Compliance Plan. The Compliance Plan establishes and contains policies relating to risk management including:

- Monitoring compliance with the Responsible Entity's Australian Financial Services Licence conditions and ASX Listing Rules
- Proper acquisition and disposals of Trust property
- Regular valuation of Trust property
- Maintenance of financial and scheme records
- Management of investment risks
- Management of conflicts of interest
- Maintenance of adequate insurance cover for Trust assets
- Borrowings within limits and conditions
- Handling of complaints

The Compliance Officer Director regularly reports to the Compliance Committee on compliance with the Compliance Plan. Due to the above recommendation 7.2 does not directly apply.

Principle 8

Fairly review and actively encourage enhanced board and management effectiveness.

Recommendation 8.1

Disclose the process for performance evaluation of the board, its committees and individual directors and key executives.

Directors and executives performance is regularly reviewed by the Chief Executive Officer. The Board of the parent entity reviews the performance of the Chief Executive Officer.

Principle 9

Remunerate fairly and responsibly.

Recommendation 9.1

Provide disclosure in relation to remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to Directors and key Executives of the Responsible Entity and corporate performance.

Remuneration expenses of the Responsible Entity are not borne by the Trust. In accordance with the Corporations Act, the right of the Responsible Entity to be remunerated and indemnified by the Trust is set out in the Constitution of the Trust. The Constitution is available from ASIC and is available to unit holders on request.

For these reasons it is not considered necessary to adopt the following recommendations under Principle 9.

- Recommendation 9.2
The Board should establish a remuneration committee.
- Recommendation 9.3
Clearly distinguish the structure of non-executive directors' remuneration from that of executives.
- Recommendation 9.4
Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Principle 10

Recognise the legitimate interests of stakeholders

Recommendation 10.1

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Board of the Responsible Entity considers that unit holders are adequately protected through the obligations imposed on the Responsible Entity by the Corporations Act, the Trust's Constitution and Compliance Plan and the Compliance Committee. The Compliance Committee is responsible for overseeing compliance with the Compliance Plan, the Corporations Act and the Constitution of the Trust and the conditions of the Responsible Entity's AFSL.

STATEMENT OF FINANCIAL PERFORMANCE AND DISTRIBUTION

Year ended 30 June 2004

		Consolidated	Consolidated	Westralia	Westralia
	Notes	2004	2003	Property Trust	Property Trust
		\$'000	\$'000	2004	2003
				\$'000	\$'000
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES					
Rental income		2,635	612	-	-
Rental expenses		(356)	(109)	-	-
Net Property Income		2,279	503	-	-
Other trust revenue					
Net profit of associates accounted for using the equity method		53	66	-	-
Interest revenue					
- related parties		209	460	203	456
- other persons		111	386	22	366
Distributions from related parties	17	-	-	1,091	623
Proceeds from disposal or property	2	4,000	-	-	-
Other income from ordinary activities		120	8	35	18
Borrowing costs	2	(2,118)	(645)	(238)	(137)
Responsible entity fees	17	(267)	(106)	(100)	(43)
Amortisation of intangibles		(46)	(53)	(5)	(10)
Selling expenses		-	(113)	-	(113)
Write down of prospectus costs	2	(280)	-	-	-
Carrying amount of property sold	2	(2,030)	-	-	-
Other expenses		(288)	(230)	(199)	(157)
NET OPERATING PROFIT FROM ORDINARY ACTIVITIES		1,743	276	809	1,003
NET (PROFIT)/LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTERESTS		(893)	39	-	-
NET PROFIT ATTRIBUTABLE TO UNITHOLDERS OF WESTRALIA PROPERTY TRUST		850	315	809	1,003
Increase in asset revaluation reserve	11	-	1,000	-	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO UNITHOLDERS, AND RECOGNISED DIRECTLY IN UNITHOLDERS FUNDS		-	1,000	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH UNITHOLDERS AS UNITHOLDERS		850	1,315	809	1,003
Basic and diluted earnings per unit (cents)		3.70	2.07	-	-

THE ACCOMPANYING NOTES FORM PART OF THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE AND DISTRIBUTION

Year ended 30 June 2004 (continued)

	Notes	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
Net profit attributable to members of the Trust		850	315	809	1,003
Transfer from asset revaluation reserve	11	670	330	-	-
Undistributed income used / (carried forward)		(219)	-	492	(358)
Distributions paid or payable to members of the Trust		1,301	645	1,301	645
Distributions per unit (cents)		6.44	3.94	6.44	3.94

THE ACCOMPANYING NOTES FORM PART OF THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

At 30 June 2004

	Notes	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
Current Assets					
Cash assets	13	1,253	3,450	12	143
Receivables	3	5,197	5,100	785	5,020
Other assets	4	363	256	7	30
Total Current Assets		6,813	8,806	804	5,193
Non Current Assets					
Investments					
- Properties	5	109,813	40,960	-	-
- Managed investment schemes	5	1,832	-	22,678	15,061
- Managed investment schemes accounted for using the equity method	8	-	2,657	-	-
- Other	5	-	309	28,000	309
Intangible assets	6	507	993	35	209
Other assets	4	312	233	5	-
Total Non Current Assets		112,464	45,152	50,718	15,579
TOTAL ASSETS		119,277	53,958	51,522	20,772
Current Liabilities					
Payables	9	2,113	6,021	2,140	684
Interest bearing liabilities	10	10,590	2,790	2,177	2,140
Total Current Liabilities		12,703	8,811	4,317	2,824
Non Current Liabilities					
Interest bearing liabilities	10	50,313	20,641	130	1,061
Total Non Current Liabilities		50,313	20,641	130	1,061
TOTAL LIABILITIES		63,016	29,452	4,447	3,885
NET ASSETS		56,261	24,506	47,075	16,887
Unitholders' Funds					
Contributed equity	11	48,201	17,520	48,201	17,520
Reserves	11	-	670	-	-
Accumulated losses	11	(819)	(1,038)	(1,126)	(633)
Total parent entity interest in equity		47,382	17,152	47,075	16,887
Outside equity interests	12	8,879	7,354	-	-
TOTAL UNITHOLDERS' FUNDS		56,261	24,506	47,075	16,867

THE ACCOMPANYING NOTES FORM PART OF THE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Year Ended 30 June 2004

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
Notes				
CASH FLOWS FROM OPERATING ACTIVITIES				
Rent received	2,435	685	-	-
Interest received	668	436	84	495
Distributions received	44	77	293	293
Other receipts	113	8	55	18
Responsible Entity fees paid	(236)	(106)	(100)	(43)
Interest & borrowing costs paid	(2,389)	(359)	(221)	(129)
Payments for property expense	(322)	(109)	-	-
GST Received	971	1,009	637	-
GST paid	(867)	(1,156)	(867)	(11)
Other expenses paid	(304)	(298)	(165)	(296)
NET OPERATING CASHFLOW	13(a) 113	187	(284)	327
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property	(56,795)	(9,450)	-	-
Proceeds from sale of investments	357	289	309	289
Proceeds from sale of loan book	-	3,459	-	3,172
Purchase controlled entity	13(d) -	(1,215)	-	(1,215)
Purchase of investments	-	(1,872)	(17,577)	(2,250)
Advances from related parties	1,500	-	-	-
Repayment of advance from related parties	(1,494)	-	-	-
Advances to related parties	(2,941)	(1,998)	(4,180)	(2,166)
Repayment of advances to related parties	2,678	402	3,924	350
NET INVESTING CASHFLOW	(56,695)	(10,385)	(17,524)	(1,820)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from issue of units	17,567	3,587	17,567	3,587
Unit issue costs	(390)	(921)	(390)	(921)
Distributions paid	(591)	(422)	(395)	(206)
Proceeds from borrowings	38,133	12,423	1,500	1,089
Repayment of borrowings	(334)	(2,360)	(605)	(2,360)
NET FINANCING CASHFLOW	54,385	12,307	17,677	1,189
NET INCREASE/(DECREASE) IN CASH HELD	(2,197)	2,109	(131)	(304)
Add opening cash brought forward	3,450	1,341	143	447
CLOSING CASH CARRIED FORWARD	13(b) 1,253	3,450	12	143

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

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

(b) Principles of consolidation

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

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

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

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

(c) 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 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 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.

When an asset has been revalued, the potential effect of 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 CGT in respect of the assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other investments

Other investments are carried at a 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.

(d) Investment in associates

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

Interests held by Westralia Property Trust in associated syndicates or companies are carried by the parent entity at cost.

(e) Valuation of investments other than property

Investment asset classes are valued on the following basis:

Managed investment schemes

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

Interest bearing securities

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

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

Other

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

(f) Intangibles

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

(g) Investment revenue

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

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

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

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as revenue on a straight line basis, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

NOTES

30 June 2004

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash assets

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

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

(i) Receivables

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

(j) Payables

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

(k) Interest bearing liabilities

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

(l) Taxation

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

(m) Distributions

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

(n) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

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

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

(o) Goods and services tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that GST is recoverable from the Australian Taxation Office ("ATO"). Where GST is not recoverable, it is recognised as part of the cost of acquisition or an expense.

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

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

(p) Deferred borrowing expenses

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

(q) Contributed equity

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

(r) Comparative Figures

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

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
2. REVENUE AND EXPENSES				
Borrowing costs expensed				
Amortisation of deferred borrowing expenses	271	143	6	-
Interest expense				
- Other	1,998	1,049	232	137
- Related parties	-	14	-	-
	2,269	1,206	238	137
Capitalised to properties	(151)	(561)	-	-
Total borrowing costs expensed	2,118	645	238	137
Specific Items				
Net operating profit includes the following specific revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity.				
Proceeds from disposal of property	4,000	-	-	-
Carrying amount of property sold	(2,030)	-	-	-
Net gain on disposal of property	1,970	-	-	-
Write down of prospectus costs	280	-	-	-
3. RECEIVABLES				
Trade debtors (i)	339	43	-	-
Sundry debtors (ii)	194	678	267	57
Other debtor (iii)	3,952	-	-	-
	4,485	721	267	57
Secured loans (iv)	712	2,381	-	-
Amounts other than trade debtors receivable from related parties:				
Controlled entities	-	-	518	4,963
Wholly owned entity of former ultimate parent entity	-	1,825	-	-
Associated entities	-	173	-	-
	5,197	5,100	785	5,020

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non interest bearing and generally on 30 day terms
- (ii) Sundry debtors are non interest bearing and have a repayment date between 30 and 90 days.
- (iii) Other debtor is secured by a charge over freehold land.
- (iv) Secured loans as at 30 June 2004 are secured by a charge over freehold land.

NOTES

30 June 2004

(continued)

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
4. OTHER ASSETS				
Current				
Prepayments	363	256	7	30
Non Current				
Deferred borrowing expenses	344	555	11	-
Accumulated amortisation	(32)	(322)	(6)	-
	312	233	5	-

5. INVESTMENTS

(a) Property investments

Tourism investment properties at fair value Broadwater Properties				
Dunsborough Beach Resort	17,650	19,182	-	-
Broadwater Apartment Hotel Kalgoorlie	19,500	15,004	-	-
Pagoda Hotel Broadwater	12,012	6,774	-	-
	49,162	40,960	-	-
Commercial investment properties at cost				
166 Murray Street Mall	60,651	-	-	-
	109,813	40,960	-	-

	Balance at beginning of year \$'000	Additions \$'000	Disposals \$'000	2004 \$'000
(b) Movements in property investments				
Properties				
Dunsborough Beach Resort	19,182	498	(2,030)	17,650
Broadwater Apartment Hotel Kalgoorlie	15,004	4,496	-	19,500
Pagoda Hotel Broadwater	6,774	5,238	-	12,012
166 Murray Street Mall	-	60,651	-	60,651
	40,960	70,883	(2,030)	109,813

Notes	Consolidated	Consolidated	Westralia	Westralia
	2004	2003	Property Trust	Property Trust
	\$'000	\$'000	2004	2003
			\$'000	\$'000
5. INVESTMENTS (continued)				
(c) Managed investment schemes				
	-	-	7,273	7,003
Dunsborough Hotel Property Syndicate	-	-	8,650	3,330
Kalgoorlie Apartment Hotel Syndicate	-	-	4,885	2,858
Pagoda Hotel Property Syndicate	1,832	1,832	1,870	1,870
Broadwater Busselton Property Syndicate	-	825	-	-
Pagoda Fixed Term Property Syndicate	1,832	2,657	22,678	15,061
7,8				
(d) Other				
	-	-	-	-
WPT Finance Pty Ltd	-	-	28,000	-
Murray Street Mall Property Trust	-	309	-	309
Swanview Motel Pty Ltd	-	309	28,000	309
6. INTANGIBLE ASSETS				
	635	1,076	50	219
Formation and Product Disclosure Statement costs	(128)	(83)	(15)	(10)
Accumulated amortisation	507	993	35	209

7. INTEREST IN CONTROLLED ENTITIES

Name	Equity interest held by consolidated entity		Westralia Property Trust	
	2004	2003	2004	2003
	%	%	\$'000	\$'000
At cost				
Dunsborough Hotel Property Syndicate	50.55	49.60 (i)	7,273	7,003
Kalgoorlie Apartment Hotel Syndicate	100.00	100.00	8,650	3,330
Pagoda Hotel Property Syndicate	80.35	74.17	4,885	2,858
WPT Finance Pty Ltd (ii)	100.00	100.00	-	-
Murray Street Mall Property Trust	100.00	-	28,000	-
			48,808	13,191

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

(ii) Carrying amount of investment is \$2.

NOTES

30 June 2004

(continued)

	Consolidated 2004 \$'000	Consolidated 2003 \$'000
8(a) INVESTMENTS IN ASSOCIATES		
Carrying amount of investments in associates:		
Balance at beginning of year	2,657	168
- carrying amount of investment in associate acquired during the year	-	2,668
- share of associates net profit	53	66
- share of distributions received	(44)	(77)
- investment in associate now treated as controlled entity	(834)	(168)
- investment in associate no longer equity accounted	(1,832)	-
Carrying amount of investments in associates at the end of the financial year	-	2,657

	Balance Date	Ownership interests held by		Consolidated Entity	
		2004	2003	2004 \$'000	2003 \$'000
8(b) INVESTMENTS IN ASSOCIATES					
Broadwater Busselton Property Syndicate	30 June	-	21.29%	-	1,832
Pagoda Fixed Term Property Syndicate	30 June	-	40.75%	-	825
				-	2,657

8(c) SHARE OF ASSOCIATES' ASSETS AND LIABILITIES

Current assets	-	115
Non current property investment	-	4,533
Non current intangibles	-	35
Total assets	-	4,683
Current liabilities	-	85
Non current liabilities	-	1,941
Net assets	-	2,657

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
9. PAYABLES				
Interest revenue received in advance	-	177	-	141
Trade creditors	857	2,741	71	-
Distributions payable	367	303	367	303
Due to controlled entities	-	-	1,228	-
Due to wholly owned controlled entity of ultimate holding company	-	217	-	-
Due to controlled entity of ultimate holding company	-	1,600	-	-
Due to Responsible Entity	624	641	439	38
Due to ultimate holding company	-	298	-	202
Due to director related entity	265	44	35	-
	2,113	6,021	2,140	684

Terms and conditions relating to the above financial instruments:

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

10. INTEREST BEARING LIABILITIES

Current

Debentures secured (i)	2,148	560	626	355
Mortgage loan secured	-	1,427	-	1,427
Other loans unsecured (ii)	248	247	-	-
Due to director related entities	114	556	51	358
Bank loans unsecured	1,500	-	1,500	-
Bank loans secured (iii)	6,580	-	-	-
	10,590	2,790	2,177	2,140

Terms and conditions relating to the above financial instruments:

- (i) Debentures are secured by a charge over the assets of the entity.
- (ii) Other loans have no fixed repayment date with 7% interest paid monthly in arrears.
- (iii) Bank Loans are secured by a first registered mortgage over the property and first registered mortgage debenture over the respective entity

NOTES

30 June 2004

(continued)

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
10. INTEREST BEARING LIABILITIES (continued)				
Non Current				
Bank loans secured (iv)	49,928	19,580	-	-
Debentures secured	130	1,061	130	1,061
Other loans secured	255	-	-	-
	50,313	20,641	130	1,061
(iv) Bank Loans are secured by a first registered mortgage over the property and first registered mortgage debenture over the respective entity as follows:				
Dunsborough Hotel Property Syndicate (Facility expires June 2006)	4,150	6,000	-	-
Kalgoorlie Apartment Hotel Syndicate (Facility expires June 2006)	10,000	10,000	-	-
Pagoda Hotel Property Syndicate	-	3,580	-	-
Pagoda Fixed Term Property Syndicate (Facility expires April 2006)	2,000	-	-	-
Murray St Mall Property Trust (Facility expires June 2009)	33,778	-	-	-
	49,928	19,580	-	-

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
11. UNITHOLDERS' FUNDS				
	Number '000	Number '000	Number' '000	Number '000
(a) Units on issue				
Units on issue at beginning of the year	18,823	13,245	18,823	13,245
Units issued during the year	45,631	5,578	45,631	5,578
Units on issue as at the reporting date	64,454	18,823	64,454	18,823
	\$ '000	\$ '000	\$ '000	\$ '000
(b) Contributed equity				
Balance beginning of year	17,520	13,244	17,520	13,244
Units issued during the year	32,900	5,197	32,900	5,197
Equity raising costs	(2,219)	(921)	(2,219)	(921)
Closing balance	48,201	17,520	48,201	17,520
	Number of units	\$'000	Number of units	\$'000
(c) Movements in units on issue				
Beginning of financial year	18,822,980	17,520	18,822,980	17,520
Issued during the year				
- distribution reinvestment plan (i)	1,025,986	842	1,025,986	842
- public equity raising	44,605,083	32,058	44,605,083	32,058
- less transaction costs	-	(2,219)	-	(2,219)
	64,454,049	48,201	64,454,049	48,201

(i) A distribution reinvestment plan ("DRP") allows unit holders to elect to re invest their distribution back into new units of the Trust. The issue price of units under the DRP is the closing market price of units on the day before the distribution is declared. The value of distributions re invested in the year to 30 June 2004 was \$843,121 (2003: \$135,318) which resulted in the issuance of 1,025,986 units (2003: 141,251 units).

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

NOTES

30 June 2004

(continued)

11. UNITHOLDERS' FUNDS (continued)

(d) Asset revaluation reserve

Balance at beginning of the year

Revaluation increments

Transfer (to) accumulated losses

Closing balance (i)

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
Balance at beginning of the year	670	-	-	-
Revaluation increments	-	1,000	-	-
Transfer (to) accumulated losses	(670)	(330)	-	-
Closing balance (i)	-	670	-	-

(i) The asset revaluation reserve is used to record increments and decrements in the value of property investments. The balance has been transferred to accumulated losses for distribution purposes.

(e) Accumulated losses

Balance beginning of year

Net profit

Transfer from reserve

Transfer (to) Statement of Distribution

Closing balance

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
Balance beginning of year	(1,038)	(1,038)	(634)	(991)
Net profit	850	315	809	1,003
Transfer from reserve	670	330	-	-
Transfer (to) Statement of Distribution	(1,301)	(645)	(1,301)	(645)
Closing balance	(819)	(1,038)	(1,126)	(633)

12. OUTSIDE EQUITY INTEREST (OEI)

Opening balance

Add: OEI acquired

Add: units issued to OEI

Less: share of operating loss

Less: distributions

Closing balance

	Consolidated 2004 \$'000	Consolidated 2003 \$'000
Opening balance	7,353	6,907
Add: OEI acquired	815	500
Add: units issued to OEI	14	206
Less: share of operating loss	893	(39)
Less: distributions	(196)	(220)
Closing balance	8,879	7,354

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
13. STATEMENT OF CASH FLOWS				
(a) Reconciliation of net operating profit to net cash flow from operations:				
Net operating profit	1,743	276	809	1,003
Distribution revenue	-	-	(670)	(330)
Equity accounted revenue	(53)	(66)	-	-
Distribution revenue from associates	44	77	-	-
Amortisation	46	195	5	10
Prospectus costs written off	280	-	-	-
Profit on sale of land	(1,970)	-	-	-
(Increase)/decrease in receivables	184	(559)	(325)	(33)
(Increase)/decrease in prepayments	(186)	92	17	-
Increase/(decrease) in creditors	25	172	(120)	(323)
Net operating cash flow	113	187	(284)	327
(b) Reconciliation of cash				
Cash at bank (i)	1,253	650	12	143
Cash on deposit (ii)	-	2,800	-	-
	1,253	3,450	12	143
(c) Financing facilities				
Total facilities used – Bank loans	58,008	19,580	1,500	-
Total facilities unused - Bank loans	222	1,000	-	-
Total facilities available -Bank loans	58,230	20,580	1,500	-

Each facility is only available to the entity concerned.

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30 June 2004

(continued)

	Consolidated	Consolidated	Westralia	Westralia
	2004	2003	Property Trust	Property Trust
	\$'000	\$'000	2004	2003
			\$'000	\$'000

13. STATEMENT OF CASH FLOWS (continued)

(d) Acquisition of controlled entities

On 31 May 2004 the Trust's indirect holding in Pagoda Fixed Term Property Syndicate increased from 30.22% to 52.83% (2003: On 31 March 2003 the consolidated entity purchased an additional 63% of voting units of Pagoda Hotel Property Syndicate).

Cash	-	129	-	-
Receivables	64	18	-	-
Other assets	-	51	-	-
Properties	4,390	5,144	-	-
Investments	-	809	-	-
Intangible assets	-	94	-	-
Total Assets	4,454	6,245	-	-
Payables	(109)	(122)	-	-
Interest bearing liabilities	(2,000)	(2,635)	-	-
Fair value of assets acquired	2,345	3,488	-	-
Attributable to outside equity interest	(815)	(500)	-	-
	1,530	2,988	-	-
Consideration	1,530	2,988	-	-
Units issued	(593)	(1,476)	-	-
Investment owned at beginning of year	(937)	(168)	-	-
Cash included in net assets purchased	-	(129)	-	-
Cash paid for controlled entity net of cash acquired	-	1,215	-	-

(e) Non cash financing activities

- (i) The value of distributions reinvested in the year to 30 June 2004 was \$843,121 (2003: \$135,318) which resulted in the issuance of 1,025,986 units (2003: 141,251 units).
- (ii) The Trust issued 15,277,777 units at 72 cents as part consideration for the acquisition of 166 Murray Street Mall, Perth.
- (iii) The Trust issued 2,456,564 units at 72 cents as part consideration for unit issue costs.
- (iv) The Trust issued 572,837 units at 70 cents as repayment of debentures.
- (v) The Trust issued 882,964 units at 70 cents as consideration for two suites purchased within the Pagoda Hotel Property Syndicate.
- (vi) The Trust issued 157,443 units at 70 cents as consideration for units in Pagoda Hotel Property Syndicate.

Consolidated 2004 \$	Consolidated 2003 \$	Westralia Property Trust 2004 \$	Westralia Property Trust 2003 \$
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14. AUDITOR'S REMUNERATION

Amounts received or due and receivable by RSM Bird Cameron for:

- audit or review of financial report
- other services

73,500	24,450	45,000	15,050
10,500	85,294	2,000	78,845
84,000	109,744	47,000	93,895

15. EARNINGS PER UNIT

Basic earnings per unit (cents)

3.70 2.07

Diluted earnings per unit (cents)

3.70 2.07

Earnings per unit is calculated by dividing the net profit attributable to members of the parent entity by the weighted number of ordinary units on issue during the year.

The weighted number of units in the calculation of earnings per unit is 22,997,860.

16. NET ASSET BACKING PER UNIT

Basic net asset backing per unit (\$)

0.73 0.86

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

17. RELATED PARTY DISCLOSURES

(a) Ultimate parent

Kareelya Limited and its wholly owned entity's ownership in Westralia Property Trust was diluted to 16.73% on 1 June 2004. Kareelya Limited was the ultimate holding company until 1 June 2004, which prior to that time held 52%.

Mr Brett Jackson has an interest in Kareelya Limited of 22%.

(b) Responsible Entity

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

(c) Directors

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

B.L. Jackson (Chairman)

G.M. Goff

R.L. Andersen

D.A. Hinton appointed 17 July 2003.

NOTES

30 June 2004

(continued)

17. RELATED PARTY DISCLOSURES (continued)

(d) Related party transactions

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

(e) Wholly-owned group transactions

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

(f) Fees

Transactions between the consolidated entity and Kareelya Investments Limited result from normal dealings with that company as the Scheme's Responsible Entity.

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
The following fees were paid or payable to the Responsible Entity during the year:				
Management fee	267	106	100	43
Acquisition fee for preparation of Product Disclosure Statement for Westralia Property Trust (*)	2,835	317	2,835	317
Administrative fee for the establishment of the Kalgoorlie Apartment Hotel Syndicate including preparation of Product Disclosure Statement and acquisition fee for purchase of the property	50	602	-	-
Administrative fees for the preparation of Product Disclosure Statement and acquisition fees for the purchase of properties for Broadwater Busselton Property Syndicate	-	239	-	-
Administrative fees in respect of the Pagoda Hotel Property Syndicate including preparation of the Product Disclosure Statement	-	15	-	-
Total paid or payable to the Responsible Entity	3,152	1,279	2,935	360
The following fees were paid to wholly owned entities of Kareelya Limited:				
Project management for renovations to the Dunsborough Beach Resort	-	79	-	-
Project management fees for the construction of Kalgoorlie Apartments Hotel	459	850	-	-
Total fees paid to wholly owned entities of Kareelya Limited	3,611	2,208	2,935	360

(*) This fee in 2004 included the Responsible Entity services for the acquisition and due diligence on 166 Murray Street Mall together with the associated debt and equity raising. The Responsible Entity absorbed the costs associated with providing these services including underwriting fees, legal costs, expert reports and selling costs.

17. RELATED PARTY DISCLOSURES (continued)

(g) Other related party transactions

Advances

A wholly owned entity of Westralia Property Trust has provided a further \$128,000 (2003: \$1,825,000) of mezzanine finance to Bunbury Silos Limited, a wholly owned entity of Kareelya Limited. Bunbury Silos Limited has repaid \$1,536,500 during the period. This loan is secured, repayable on demand and accrues interest at 15% per annum. At 30 June 2004 principal and interest of \$728,000 is owing (2003: \$1,960,337).

A wholly owned entity of Westralia Property Trust was repaid \$206,216 (2003: \$Nil) of mezzanine finance from the Broadwater Busselton Property Syndicate, a former associated entity. This loan was unsecured, repayable on demand and accrued interest at 15% per annum. Principal and interest receivable at 30 June 2004 is \$Nil (2003: \$174,720).

A wholly owned entity of Westralia Property Trust lent \$275,000 to Swanview Motel Pty Ltd, an associated entity of Kareelya Limited and a director related entity of which Mr B. Jackson is a director and shareholder and Mr G. Goff is a director. This loan was repaid in full during the period. The loan was secured by a fixed and floating charge over the assets of the company and accrued interest at 10% per annum.

A wholly owned controlled entity of Kareelya Limited was lent \$311,830 (2003: \$217,251). The loan was unsecured, interest free and was repaid during the period.

Broadwater Bungalows Pty Ltd, a director related entity of Mr B. Jackson advanced \$10,000 (2003: \$44,349) during the year to WPT Finance Pty Ltd and \$35,000 to Westralia Property Trust. Of these amounts, \$20,270 was repaid (2003: Nil). Balance at 30 June 2004 was \$69,079 (2003: \$44,349). The loan is unsecured, repayable on demand and is interest free. The amount is included in payables.

Batavia Coast Marina Pty Ltd, an associated entity of Kareelya Limited and a director related entity of Mr B. Jackson, repaid \$325,130 (2003: \$150,000) during the year to Westralia Property Trust. The balance of the loan is unsecured, repayable on demand and accrues interest at 10% per annum. Balance at 30 June 2004 is \$51,522 (2003: \$358,726). Interest expense for year was \$17,900 (2003: \$8,726).

Futuris Administration Pty Ltd loaned \$1,500,000 (2003: \$Nil) to a wholly owned entity of Westralia Property Trust, of which \$1,493,355 has been repaid and \$6,645 is included in payables.

Interest revenue

During the year interest and finance charges of \$189,797 (2003: \$381,256) were charged to wholly owned entities of the former ultimate parent entity. Interest and finance charges of \$18,798 (2003: \$78,660) were charged to director related entities.

Rental income

During the year controlled entities of Westralia Property Trust were entitled to rental income and reimbursement of outgoings of \$1,776,357 (2003: \$559,907) which was received or receivable from the hospitality manager of the tourism properties, an entity wholly owned by the former ultimate parent entity. This rental is receivable under a lease agreement between the parties.

NOTES

30 June 2004

(continued)

17. RELATED PARTY DISCLOSURES (continued)

Distributions received or receivable

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

	2004	2003
	\$	\$
Kalgoorlie Apartment Hotel Syndicate	670,000	332,031
Dunsborough Hotel Property Syndicate	213,324	206,378
Broadwater Busselton Property Syndicate	79,935	84,717
Pagoda Hotel Property Syndicate	(180,038)	-
Murray Street Mall Property Trust	307,307	-
	1,090,528	623,126

Provision of loan book facility

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

Guarantees

Westralia Property Trust has guaranteed the bank facilities of Murray Street Mall Property Trust for \$16,500,000 and Kalgoorlie Apartment Hotel Syndicate for \$1,000,000. Kareelya Limited and one of its controlled entities have guaranteed the bank facilities of Dunsborough Hotel Property Syndicate for \$6,150,000.

Sale of property

A controlled entity of the Trust sold property to a joint venture between Kareelya Limited and an unrelated party for \$4,000,000. The price was based on an independent valuation and was approved by the unitholders of the controlled entity. Of this amount \$3,951,516 remains outstanding at 30 June 2004 and is included in receivables. This amount is secured by a charge over freehold land and is interest free.

Letter of credit

During the year Futuris Corporation Limited, a shareholder of Kareelya Limited and a major unitholder of the Trust has provided a \$1,500,000 letter of credit to the Trust's banker in support of the Trust's bank debt.

(h) Equity instruments of Directors

Interests in the Trust's units held by the director, director related entities or associates:

	Units 2004	Units 2003
B.L. Jackson – former holding company and controlled entities	10,780,674	10,154,223
B.L. Jackson – other	71,025	21,000
R.L. Andersen	2,982	2,400
G.M. Goff	5,964	4,800
D.A. Hinton	-	-

During the year the following transactions occurred in relation to the Trust and directors:

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

18. FINANCIAL INSTRUMENTS

(a) Interest rate risk

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

	Weighted average effective interest rate %	Variable interest rate \$'000	Fixed Interest Rate			Non interest bearing \$'000	Total \$'000
			Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000		
2004							
Financial assets							
Cash	1.0%	1,253	-	-	-	-	1,253
Trade debtors	-	-	-	-	-	339	339
Sundry debtors	-	-	-	-	-	4,131	4,131
Interest receivable	-	-	-	-	-	15	15
Related party receivable	15.0%	-	712	-	-	-	712
Total financial assets		1,253	712	-	-	4,485	6,450
Financial liabilities							
Trade creditors	-	-	-	-	-	857	857
Distribution payable	-	-	-	-	-	367	367
Related parties	-	-	-	-	-	889	889
Interest bearing liabilities - current:							
Debentures	9.7%	-	2,396	-	-	-	2,396
Related parties	8.9%	-	114	-	-	-	114
Bank loans	5.7%	6,680	1,400	-	-	-	8,080
Interest bearing liabilities – non current:							
Bank loans	6.0%	12,928	-	37,000	-	-	49,928
Debentures	10.0%	-	-	130	-	-	130
Other loans	10.0%	-	-	255	-	-	255
Total financial liabilities		19,608	3,910	37,385	-	2,112	63,016
2003							
Financial assets							
Cash	3.2%	3,450	-	-	-	-	3,450
Trade debtors	-	-	-	-	-	43	43
Sundry debtors	-	-	-	-	-	263	263
Interest receivable	-	-	-	-	-	416	416
Secured loan	10.4%	-	-	-	2,381	-	2,381
Related party	15.0%	-	1,998	-	-	-	1,998
Total financial assets		3,450	1,998	-	2,381	722	8,551
Financial liabilities							
Interest in advance	-	-	-	-	-	177	177
Trade creditors	-	-	-	-	-	2,640	2,640
Related parties	-	-	-	-	-	2,801	2,801
Interest bearing liabilities - current:							
Debentures	9.0%	-	807	-	-	-	807
Related parties	8.4%	-	556	-	-	-	556
Mortgage loan	16.0%	-	1,427	-	-	-	1,427
Interest bearing liabilities – non current:							
Loans	7.1%	5,580	-	14,000	-	-	19,580
Debentures	10.0%	-	-	570	491	-	1,061
Provisions	-	-	-	-	-	404	404
Total financial liabilities		5,580	2,790	14,570	491	6,022	29,453

NOTES

30 June 2004

(continued)

18. FINANCIAL INSTRUMENTS (continued)

(b) Fair values

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

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

(c) Credit risk exposure

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

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

19. LEASES

Future minimum rental revenues under non-cancelable operating leases are as follows:

- not later than one year
- later than one year and not later than five years
- later than five years

Total

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	Westralia Property Trust 2004 \$'000	Westralia Property Trust 2003 \$'000
	6,358	1,503	-	-
	21,780	8,150	-	-
	11,761	8,010	-	-
	39,899	17,663	-	-
	238	4,527	-	-

20. CAPITAL COMMITMENTS

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

- not later than one year

21. PRINCIPAL ACTIVITY

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

22. SEGMENT REPORTING

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

23. ECONOMIC DEPENDENCY

67% of rental income was received from Broadwater Hospitality Management Pty Ltd, a controlled entity of Kareelya Limited.

24. SUBSEQUENT EVENTS

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

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The parent entity has guaranteed the bank facilities of certain controlled entities for \$17,500,000.

26. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Trust will be required to adopt Australian Accounting Standards Board (AASB) equivalents to International Financial Reporting Standards (IFRS), in its financial statements for its half year ending 31 December 2005 and full year ending 30 June 2006. At these dates a first time adopter of Australian equivalent IFRS will be required to restate its comparative financial statements using all IFRS, except for AASB4 Insurance Contracts, AASB132 Financial Instruments: Disclosure and Presentation, and AASB139 Financial Instruments: Recognition and Measurement. For the Trust this means the preparation of a notional opening balance sheet in accordance with IFRS as at 1 July 2004, with the majority of restatement adjustments being made, retrospectively, against the balance of accumulated losses.

During the year the Responsible Entity began work assessing the likely impact of the new standards. The assessment has included the identification and the potential impact of the adoption of IFRS. At this stage, the Responsible Entity has not completed its assessment, and as a consequence is not able to reliably quantify the impacts in this financial report.

Key accounting policy changes identified to date include the following:

Investment Property

Under AASB 1041 "Revaluation of Non-Current Assets" increases in the fair value of tourism investment properties are reflected through the asset revaluation reserve.

Decreases are also reflected through the asset revaluation reserve to the extent they reduce previously recognised increments and otherwise are charged to the operating result in the statement of financial performance. Under AASB 140 "Investment Properties", changes in the fair value of investment properties are recorded through the operating results in the statement of financial performance.

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

Under AASB 140 "Investment Properties", investment properties carried at cost must be depreciated and are subject to impairment.

Impairment of Assets

Under AASB 136 "Impairment of Assets", the recoverable amount of an asset is determined as the higher of net selling price and value in use. AASB 136 may apply to the scheme's assets, including investment properties. Reliable estimation of the future financial effects of this change in accounting standard is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible Assets

Under the Australian equivalent to IAS 38 "Intangible Assets", formation and product disclosure statement costs must be expensed. This will result in a change in the groups current accounting policy which allows for the capitalisation of formation and product disclosure statement costs. Under the new policy, all formation and product disclosure statement costs will be written off as incurred. On transition, all currently recognised formation and product disclosure statement costs will be adjusted against opening accumulated losses as they will not meet the recognition requirements under IFRS.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) The financial statements and notes of the Trust and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2004 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

B.L. Jackson
Managing Director

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

Perth, 13 September 2004

The Directors of Kareelya Investments Limited (ABN 16 072 899 060), the Responsible Entity of the Westralia Property Trust ("the Trust"), submit their report, for Westralia Property Trust and its controlled entities for the year ended 30 June 2004.

DIRECTORS

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

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

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

PRINCIPAL ACTIVITIES

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

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

TRUST INFORMATION

The Trust was registered as a Managed Investment Scheme on 7 May 2001.

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

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

REVIEW OF RESULTS AND OPERATIONS

Results

The consolidated net operating profit is presented in the Statement of Financial Performance. Consolidated net profit attributable to members of the Trust was \$850,000 (2003: \$315,000).

Distributions

A distribution of \$1,301,000 was paid or is payable by the Trust for the financial year ended 30 June 2004 (2003: \$645,000).

Distributions of income were paid or payable quarterly at the rate of 6.44 cents per annum. The June quarter distribution was paid on 21 July 2004 and was 100% tax advantaged.

UNITS ON ISSUE

At 30 June 2004 64,454,000 units of the Trust were on issue (2003: 18,823,000 units). During the year 45,631,000 units (2003: 5,578,000) were issued.

TRUST ASSETS

At 30 June 2004, the Trust held assets with a total value of \$119,277,000 (2003: \$53,958,000). The basis for valuation of the assets is disclosed in Note 1 to the financial report.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

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

DIRECTOR'S REPORT

(continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the year to the date of this report were:

Acquisition of 166 Murray Street Mall, Perth for \$60,651,000. The acquisition was financed by the issue of 41,666,667 units at 72 cents raising \$30,000,000 and the balance by debt of \$33,778,000 inclusive of transaction costs.

Rights issue for 2,939,640 units raising \$2,058,000 on 1 June 2004. These funds were used to retire debt, purchase assets and provide working capital.

Subdivision and sale of Dunsborough land with sale proceeds of \$4,000,000 and contributing profit before outside equity interests of \$1,970,000.

SIGNIFICANT EVENTS AFTER BALANCE DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Responsible Entity continues to monitor the investment strategy and will direct investment funds in those areas that it considers offers the best medium term growth opportunities. Future results will depend on the performance of the market in relation to the Trusts investment strategy. The investment strategy of the Trust will be maintained in accordance with its Constitution and investment objectives.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

INSURANCE OF DIRECTORS AND OFFICERS

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

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

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Trust under ASIC Class Order 98/0100.

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

B.L. Jackson
Managing Director



Perth, 13 September 2004

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WESTRALIA PROPERTY TRUST

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration set out on pages 16 to 39 for Westralia Property Trust (the Trust) and Westralia Property Trust and controlled entities (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises the Trust and the entities it controlled during that year.

The directors of Karelya Investments Limited, the Responsible Entity of the Trust, are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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

INDEPENDENT AUDIT REPORT

(continued)

We formed our audit opinion on the basis of these procedures, which included:-

- ♦ examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- ♦ assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of the Responsible Entity.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



Perth, WA
Dated: 13 September 2004

J A KOMNINOS
Partner

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2004.

(a) Substantial Unitholders

The names of substantial unitholders who have notified the Trust in accordance with section 671B of the Corporations Act 2001 are:

Futuris Administration Pty Ltd	20,833,333
Oakcure Pty Ltd	16,250,000
Kareelya Limited	8,525,290
Kareelya Investments Limited	2,207,299

(b) Distribution of Unitholders

The number of unitholders by size of holding are:

Range of Holdings	Holders	Units	%
1 - 1,000	15	7,253	0.01%
1,001 - 5,000	201	602,064	0.93%
5,001 - 10,000	164	1,203,088	1.86%
10,001 - 100,000	265	7,466,469	11.54%
100,001 - over	44	35,469,910	85.66%
Total	689	64,748,784	100.00%
Unitholders holding less than a marketable parcel	9	1,561	

(c) Voting Rights

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

(d) Twenty Largest Shareholders

The names of the 20 largest unitholders of quoted units are:

Name	Units	%
Futuris Administration Pty Ltd	20,833,333	32.18
Oakcure Pty Ltd <Oakcure Unit A/c#1>	13,888,889	21.45
Kareelya Limited	8,525,290	13.17
Kareelya Investments Limited	2,207,299	3.41
Oakcure Pty Ltd <Oakcure Unit A/c#2>	1,388,889	2.15
Paticoa Nominees Pty Ltd	999,897	1.54
Oakcure Pty Ltd <Oakcure Unit A/c#3>	612,888	0.95
K.W. Sheppard <Sheppard Family A/c>	555,556	0.86
Jojaman Pty Ltd <Super Fund A/c>	531,550	0.82
C.E. & M.M. Dawson	351,202	0.54
B.O.T. Steggall	328,570	0.51
J.H. Kuyper	287,208	0.44
P.V. & E Hughes	270,000	0.42
K & M Dilley	240,000	0.37
E.R. Bana	239,924	0.37
H & J Pourzand <Pourzand Family S/Fund A/c>	226,000	0.35
Bob Gattie & Associates Pty Ltd	215,780	0.33
A.C. & R.A. Bleechmore	200,000	0.31
G.C. & C.A. Bleechmore	200,000	0.31
K.A. & T.R. Bleechmore <Tara Superannuation Fund A/c>	200,000	0.31
Total	52,302,275	80.79



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