

▶ Westralia Property Management Limited

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5 September 2006

Company Announcements Platform
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

Westralia Property Trust (ASX Code – WST)

Results for the period ending 30 June 2006

Please find as follows the Appendix 4E for the year ending 30 June 2006, including discussion and analysis of the Trust's results.

Yours sincerely

On behalf of the Board



David Hinton
Director and Company Secretary

Results Announcement 30 June 2006

The Directors of Westralia Property Management Limited, the Responsible Entity of the Westralia Property Trust (the Trust); present the financial results of the Trust for the year ended 30 June 2006.

Whilst reporting a loss in 2006, the results for this year show a significant improvement from the loss posted in 2005. The property at 166 Murray Street Mall, Perth continues to increase in value but this has been offset by reductions in the carrying values of the tourism assets.

The collection of receivables and the policy of applying cash flow to debt reduction has had a positive impact on the Trust. The operating cash flow for the year was a positive \$1,022,000 compared to a negative \$25,000 in the prior year and net debt has reduced to \$59.7 million from \$61.9 million.

Overview

The reported changes in net assets attributable to unitholders of the Trust after minority interests was \$1.1 million (2005: loss of \$4 million) after finance costs attributable to unitholders.

Included in the result is a net property adjustment comprising an accretion in the value of the retail / commercial property at 166 Murray Street Perth CBD of \$3.5 million to \$67.3 million, offset by a \$6.2 million (after minority interest \$4.3 million) reduction in the carrying value of tourism assets and investments.

The results generated by the different asset categories are summarised below:

\$000's 2006	Commercial	Tourism	Unallocated	Total
Rental and other property income	6,589	1,600	-	8,189
Fair value increments/(decrements) *	3,111	(6,216)	-	(3,105)
Other expenses	(2,726)	(510)	(296)	(3,532)
EBIT	6,974	(5,126)	(296)	1,552
2005 EBIT	11,327	(10,219)	(620)	488

* Fair value increments are net of related responsible entity fees of \$0.4 million.

The net debt of the Trust has been reduced by \$2.2 million to \$59.7 million primarily through a combination of active debt collection and the ongoing suspension of distributions. The gearing ratio (debt to total assets) has remained unchanged at 57% from 30 June 2005 to 30 June 2006. The ratio has not changed despite the reduction in net debt due to the overall decrement in the value of investments and investment properties. The NTA per unit decreased from \$0.60 to \$0.58.

Revenue and expenses

Rental income for the year was \$8.2 million, up 4.5% from last year. Within this increase, rental income on Commercial assets increased by 10.1% while Tourism assets decreased by 13.7%. Borrowing costs and interest remained constant in the year as reductions in debt were offset by increases in general interest rates.

Performance of Property Portfolio

166 Murray Street Mall, Perth

The City Central property at 166 Murray Street Mall, Perth is a retail/office complex situated in the heart of the Perth CBD.

The property, which was acquired in June 2004, has increased in value to \$67.3 million from an original purchase price of \$56.2 million. This significant gain of 19.8% is due to the firming of valuation capitalisation rates for this asset class to 6.5%. Rental income for the property has increased 10.1% in 2006. This positive performance is reflective of the property being fully tenanted and the improved tenancy profile in the year following the replacement of several tenants with a Government Department and a national retailer. The property manager has also been changed during the year.

Kalgoorlie Apartment Hotel Syndicate

The Trust owns 100% of the Kalgoorlie Apartment Hotel Syndicate which, in turn, owns the Broadwater Resort Hotel, Kalgoorlie. The Hotel is leased to, and operated by, Broadwater Hospitality Management Pty Ltd. Based upon a discounted cash flow of the operating performance of the Hotel the carrying value has been reduced to \$12.3 million.

Dunsborough Hotel Property Syndicate

The Trust owns 51.15% (2005: 51.15%) of the Dunsborough Hotel Property Syndicate which owns 100% of the 88 room Broadwater Resort and Spa, on Caves Road, Dunsborough, Western Australia. The Resort is leased to, and operated by, Broadwater Hospitality Management Pty Ltd.

For the year ending 31 December 2005, the average occupancy rate for tourism accommodation in the Shire of Busselton was 48.7%. The total number of overnight visitors to the Shire of Busselton for 2005 showed no increase on 2004 and only a 1% increase on 2003. Due to the competitive pressures facing Tourism assets in the South West region as a result of the stagnant demand noted above, and an increasing supply of accommodation, the carrying value of the Resort has been reduced from \$13.2 million at 30 June 2005 to \$11.9 million at 30 June 2006.

An independent consultant was commissioned to determine the ability to rezone the land at the Resort. The opinion of the consultant is that it is unlikely that an application to rezone the land as permanent residential will be granted by the Shire of Busselton, WA Planning Commission or the WA Tourism Commission. Given this outcome the prospect of pursuing a rezoning of the land has now been suspended and other options will be considered.

Pagoda Hotel Property Syndicate

The Trust owns 85.5% (2005: 84.6%) of the Pagoda Hotel Property Syndicate which, in turn, owns 65.8% (2005: 65.8%) of the Pagoda Fixed Term Property Syndicate.

The Pagoda Hotel Property Syndicate owns 36 suites (2005: 34 suites) in the Broadwater Pagoda Hotel and Apartments. The Hotel traded positively in the year leading to record profits of \$1.0 million (2005: \$0.9 million).

The Pagoda Fixed Term Property Syndicate owns the facilities lot in the Hotel which incorporates the bar, restaurant, kitchen and conference facilities of the Hotel.

The Hotel is operated by, and the facilities lot leased to, Broadwater Hospitality Pty Ltd.

The carrying value of the facilities lot in the Pagoda Fixed Term Property Syndicate has been reduced from \$4.3 million at 30 June 2005 to \$2.3 million at 30 June 2006 based on forecast performance of the underlying operations. During the year the operator of the facilities lot fell into administration and the operations relinquished to Broadwater Hospitality Pty Ltd.

Broadwater Busselton Property Syndicate

The Trust owns 14.4% (2005: 14.4%) of the Broadwater Busselton Property Syndicate.

The investment in this syndicate has been written down to \$187,000 due to the uncertainty over its recoverability. The impact of the write down is \$0.9m. This Responsible Entity no longer acts as Responsible Entity of this syndicate.

Distributions to Unitholders

The Trust has not paid a distribution to unitholders during the year.

As previously advised the Trust will be able to consider future distributions once the level of debt has been reduced and the Trust has been restructured to generate sustainable profits and cash flow.

Outlook

The Responsible Entity is dedicated to increasing investor value and as such will remain focused on divesting the Trust of the Tourism assets which do not add value whilst also seeking to acquire additional properties for the Trust. Once capital is released this will enable the addition of further properties which will enhance the value of the Trust.

The current criteria for future acquisitions are:

- 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.
- Acquisitions will be aimed at enhancing distribution capability and providing longer term growth in net asset backing.



David Hinton
Director

Westralia Property Management Limited

5 September 2006

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change	30 June 2006 \$'000	30 June 2005 \$'000
Revenue and other income from continuing operations	up 0.4%	8,282	8,248
Loss from continuing operations after tax attributable to unitholders	down 72.8%	(1,090)	(4,012)
Net loss attributable to unitholders	down 72.8%	(1,090)	(4,012)
Basic and diluted loss per unit (cents)		(1.61)	(6.09)
Distribution to unitholders paid or payable			
Total amount – 100% tax advantaged		Nil	2,944
Cents per unit		Nil	4.50

All 2005 comparatives have been restated to conform with AIFRS

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INCOME STATEMENT

	Consolidated	
	2006	2005
	\$'000	\$'000
Rental and other property income	8,189	7,838
Interest income from other related parties	1	200
Interest income from other persons/corporations	92	54
Distributions received from related entities	-	107
Other income	-	49
Total revenue and other income	8,282	8,248
Property related expenses	(2,383)	(2,078)
Other scheme expenses:		
- Finance costs	(4,694)	(4,520)
- Responsible entity fees	(991)	(396)
- Prospectus costs expensed	-	(263)
- Other expenses	(547)	(456)
Net fair value decrement of investment	(889)	(756)
Net fair value decrement of investment properties	(1,827)	(3,557)
Total expenses	(11,331)	(12,026)
Net loss before minority interest and finance costs attributable to unitholders	(3,049)	(3,778)
Finance costs attributable to unitholders of the Trust	-	(2,944)
Net loss after finance costs attributable to unitholders	(3,049)	(6,722)
Net loss attributable to minority interests	1,959	2,710
Changes in net assets attributable to unitholders of the Trust	(1,090)	(4,012)
Basic and diluted loss (cents per unit)	(1.61)	(6.09)
Distribution (cents per unit)	Nil	4.50

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BALANCE SHEET

	Note	Consolidated	
		2006 \$'000	2005 \$'000
Current Assets			
Cash and cash equivalents	2	873	460
Trade and other receivables		1,071	3,752
Other		-	41
Total Current Assets		1,944	4,253
Non Current Assets			
Investment properties		103,549	104,365
Other financial assets		187	1,076
Total Non Current Assets		103,736	105,441
Total Assets		105,680	109,694
Current Liabilities			
Payables		1,468	972
Interest bearing loans and borrowings	2, 3	12,188	24,603
Total Current Liabilities		13,656	25,575
Non Current Liabilities			
Interest bearing loans and borrowings		48,455	37,833
Total Non Current Liabilities		48,455	37,833
Total Liabilities Excluding Net Assets Attributable to Unitholders and Minority Interests		62,111	63,408
Net Assets Attributable to Unitholders and Minority Interests		43,569	46,286
Represented By:			
Unitholder interest liabilities	4	39,397	40,522
Minority interest liabilities		4,172	5,764
Total Net Assets Attributable to Unitholders and Minority Interests		43,569	46,286
Net tangible asset backing per unit		\$0.58	\$0.60
Units on issue ('000)		68,141	67,420

Due to the finite life clause contained within the constitution of the Trust and its subsidiaries, upon adoption of AASB 132 on 1 July 2004, the amount previously representing unitholder and minority interests funds are now classified as liabilities. As a result, there was no equity at the start or end of the period.

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CASH FLOW STATEMENT

	Note	Consolidated	
		2006 \$'000	2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		8,725	8,426
Interest received		217	26
Other receipts		-	156
GST received (net)		23	230
Payments for property expenses		(2,342)	(2,959)
Fees and other expenses paid		(983)	(1,379)
Borrowing costs paid		(4,618)	(4,525)
NET OPERATING CASH FLOW	1	1,022	(25)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of, and additions to, investment properties		(873)	(2,129)
Proceeds from sale of investment properties		1,987	1,956
Advances from related parties		481	120
Repayment of advances from related parties		-	(491)
Repayment of advances to related parties		772	-
Advances to related parties		(610)	-
NET INVESTING CASH FLOW		1,757	(544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for cost of issue of units		-	(486)
Distributions paid		(29)	(2,016)
Proceeds from interest bearing loans and borrowings		3,017	11,665
Repayment of interest bearing loans and borrowings		(5,451)	(9,425)
NET FINANCING CASH FLOW		(2,463)	(262)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		316	(831)
Cash and cash equivalents at beginning of period		422	1,253
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2	738	422

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1 Reconciliation of net loss before minority interest and finance costs attributable to unitholders to net cash flow from operations:	2006 \$'000	Consolidated 2005 \$'000
Net operating loss	(3,049)	(3,778)
Diminution in the value of investment	889	756
Net decrement in value of investment properties	1,827	3,557
(Increase) / decrease in receivables	496	(505)
(Increase) / decrease in prepayments	104	(5)
Increase / (decrease) in payables	755	(50)
Net operating cash flow	1,022	(25)

Significant non-cash transactions

- (i) The value of distributions reinvested under the distribution reinvestment plan in the year to 30 June 2006 was \$nil (2005: \$1,485,196) which resulted in the issuance of nil units (2005: 2,253,731 units).
- (ii) The Trust issued 721,000 units (2005: 609,191 units) at 50 cents (2005: 68 cents) as consideration for the acquisition of investment properties.
- (iii) The Trust issued nil units (2005: 102,647 units at 68 cents) as consideration for investment in a controlled entity.

2 Cash	2006 \$'000	2005 \$'000
Cash and cash equivalents	873	460
Bank overdraft	(135)	(38)
	738	422

3 Interest bearing loans and borrowings - current

There are interest bearing loans and borrowings of \$12,188,000 falling due within 12 months. Within this amount are the following individual balances:

- \$4,428,000 in the Dunsborough Hotel Property Syndicate (DHPS) which is in default of it's facilities due to a breach of it's interest cover ratio. DHPS's lender has acknowledged this breach and reserved their rights;
- \$2,000,000 in the Pagoda Fixed Term Property Syndicate (PFTPS). PFTPS's lender are likely to extend the facility to 31 December 2006 and the Directors are awaiting confirmation of the extension; and
- \$4,847,000 in the Pagoda Hotel Property Syndicate (PHPS). PHPS's lender has extended the existing facilities to 29 September 2006.

The Directors are confident that interest bearing loans and borrowings falling due within twelve months can be extended or re-financed on similar terms. Should the Responsible Entity not be able to extend or refinance these bank facilities then a forced disposal of the properties securing these bank facilities is likely. A forced disposal may generate proceeds lower than current carrying values.

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4 Unitholder interest liability	2006 \$'000	2005 \$'000
Balance at beginning of the year	40,522	42,569
Units issued during the year	361	1,969
Unit raising costs	-	(4)
Changes in net assets attributable to unitholders	(1,090)	(4,012)
Minority interest liability transferred to unitholder liability	(396)	-
Closing balance	<u>39,397</u>	<u>40,522</u>

5 Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit / (loss) after tax as reported under Australian Accounting Standards applicable to financial years beginning before 1 January 2005 ('AGAAP') are illustrated below.

i) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	Consolidated	
	30-Jun-05 \$'000	01-Jul-04 \$'000
Total equity under AGAAP	46,594	56,261
Adjustments:		
Fair value decrement of investment properties (A)	(4,451)	(4,451)
Change in basis of property valuation under AGAAP (B)	4,451	-
Deferred expenditure recognised (C)	(308)	(507)
Reclassification of equity to liabilities (D)	(46,286)	(51,303)
Total equity under AIFRS	<u>-</u>	<u>-</u>

ii) Reconciliation of net loss under previous AGAAP to that under AIFRS

	Consolidated Year ended 30-Jun-05 \$'000
Prior year loss from continuing operations under AGAAP	(5,698)
Adjustments:	
Fair value decrement of investment properties (A)	4,451
Deferred expenditure recognised (C)	179
Finance costs attributable to Westralia Property Trust unitholders (D)	(2,944)
Profit / (loss) under AIFRS	<u>(4,012)</u>

(A) Under AIFRS (AASB 140 Investment Properties) properties are recorded at cost plus transaction costs such as stamp duty. At balance date the property is carried at fair value reflecting current market conditions with changes in carrying value recognised in the Income Statement. The adjustment represents the expensing of transaction costs subsequent to acquisition for reporting purposes that are in excess of fair value.

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5 Impact of adoption of AIFRS (continued)

- (B) At 30 June 2005, the Trust amended its accounting policy to measure all investment properties at fair value under AGAAP. The adjustment represents the increment in valuation under the new policy.
- (C) Scheme formation costs are expensed as incurred under AASB 138 ('Intangible Assets'). They were previously capitalised and amortised under AGAAP.
- (D) Unitholders funds are classified as liabilities as they are redeemable on a specific date under AASB 132 ('Financial Instruments: Disclosure and Presentation') and AASB 139 ('Financial Instruments: Recognition and Measurement'). Distributions to Westralia Property Trust unitholders are treated as a finance cost.

iii) Restated AIFRS Statement of Cash Flows

There are no material impacts between the cash flows presented under AGAAP and those presented under AIFRS.

6 Details of distribution reinvestment plan

The distribution reinvestment plan ("DRP") allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price of units under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the Australian Stock Exchange during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion. The Trust did not pay any distributions during the 2006 financial year and no units were issued in the 2006 financial year.

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.

7 Segment reporting

Business Segments

	Commercial / Retail		Tourism		Unallocated		Consolidated	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue	6,589	5,985	1,600	1,875	-	134	8,189	7,994
EBIT before fair value adjustments	3,863	3,757	1,090	1,664	(296)	(620)	4,657	4,801
Fair value increment / (decrement) of investment property *	3,111	7,570	(5,327)	(11,127)	-	-	(2,216)	(3,557)
Fair value decrement of investment	-	-	(889)	(756)	-	-	(889)	(756)
Segment EBIT	6,974	11,327	(5,126)	(10,219)	(296)	(620)	1,552	488
Net interest expense	(2,564)	(2,422)	(1,848)	(1,682)	(189)	(162)	(4,601)	(4,266)
Segment result	4,410	8,905	(6,974)	(11,901)	(485)	(782)	(3,049)	(3,778)
Finance costs attributable to unitholders of the Trust							-	(2,944)
Net loss after finance costs attributable to unitholders							(3,049)	(6,722)

* Fair value increment is net of related responsible entity fees of \$389,000.

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7 Segment reporting (continued)

	Commercial / Retail		Tourism		Unallocated		Consolidated	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Segment assets	68,069	64,897	36,735	43,766	876	1,031	105,680	109,694
Segment liabilities	37,477	37,756	22,483	23,309	2,151	2,343	62,111	63,408
Other segment information								
Acquisition of investment properties	-	30	638	2,380	-	-	638	2,410

Segment products and locations

The Trust operates in two business segments, being commercial/retail investment property and tourism investment property activities. The Trust's operations involve investment in real property for the purpose of deriving income from rentals and capital appreciation. Geographically, the Trust operates in one segment, being Australia.

8 Other information

The financial statements have been prepared on a going concern basis as the Directors are confident that interest bearing loans and borrowings falling due within the next twelve months can be extended or re-financed on similar terms.

This report is based upon financial statements, which are in the process of being audited.

Issued by order of the Directors of Westralia Property Management Limited.

David Hinton
 Director

Date: 5 September 2006