Westralia Property Management Limited

14 May 2008

Company Announcements Platform
Australian Securities Exchange

WESTRALIA PROPERTY TRUST (WST)

Please find attached a Notice of Meeting and Explanatory Statement in relation to a meeting of unit holders to be held at:

Date: 9 June 2008
Time: 12:00 noon
Place: Lavan Legal, 1 William Street, Perth WA

The meeting has been called pursuant to Section 252A of the Corporations Act 2001 by Westralia Property Management Ltd, the Responsible Entity of Westralia Property Trust.

The purpose of the meeting is to consider certain resolutions required to implement the Trust's change in strategy to an agricultural land trust.

For further information please contact:

Mr Peter Zachert
Director
Westralia Property Management Limited
Telephone (08) 8425 5100

Westralia Property Management Limited

Westralia Property Trust

ARSN 096 588 046

Notice of Unitholders' Meeting and Explanatory Statement

ARSN 096 588 046

Westralia
Property Trust

ARSN 096 588 046

Table of Contents

Chairman's Letter

Dear Unitholder

As unitholders you will by now, be aware that Westralia Property Trust is proposing to change its strategy to become an agricultural land trust.

I am pleased to send to you a Notice of Meeting and Explanatory Statement calling a unitholder meeting to consider certain resolutions required to implement the Trust's change in strategy.

The Board of Westralia Property Management Limited, the Trust's Responsible Entity, have identified agricultural property as an investment class which is expected to perform strongly due to a global tightening of supply and rising agricultural produce prices.

Property trusts have a largely unrecognised but important role to play in the restructuring of Australian agriculture. The Westralia Property Trust's position within the Futuris group of companies positions the Trust well to access opportunities within the rural sector.

It is proposed that the Westralia Property Trust initially focus on agricultural land used for forestry where the opportunity exists for acquisition of high quality broad acre land backed by long term rental agreements.

To this end,17 plantation properties have been identified for acquisition. The properties, which are detailed in the Explanatory Statement, are concentrated in areas recognised for reliable rainfall and productive soil profiles. As the property is being purchased from ITC Timberlands Pty Ltd ACN 089 781 840 which is a related party of the Trust's Responsible Entity, unitholders are being asked to approve this acquisition. It is important to note that the acquisition has been considered by an Independent Expert, Deloitte, with the conclusion that it is fair and reasonable to unitholders.

The Trust has obtained funding from a syndicate of leading Australian banks to enable the acquisition of the above properties through a combination of existing cash and debt. The trust has also managed to obtain additional facilities of $35 million to assist with further acquisitions of rural property as and when suitable opportunities arise.

Having decided to call a meeting to approve the acquisition of the initial 17 properties, the Board will also take the opportunity to ask unitholders to consider changes to the Trust's Constitution, including a change to the name of the Trust to the Agricultural Land Trust thereby reflecting the Trust's change in focus.

The meeting of unitholders to consider these matters will be held on 9 June 2008 at 12:00 noon at the offices of Lavan Legal, Perth, WA.

If you are unable to attend the meeting, a proxy form has been enclosed and we encourage you to return your vote in the reply paid envelope provided.

Yours sincerely

Anthony Davies
Chairman
Westralia Property Management Limited
Dated: 12 May 2008

Notice of Meeting

Notice is hereby given that a meeting of unitholders of the Westralia Property Trust ARSN 096 588 046 will be held at:

Time: **12:00 noon**

Date: **9 June 2008**

Place: **Lavan Legal, 1 William Street, Perth WA**

This meeting has been called pursuant to s252A of the Corporations Act 2001 by Westralia Property Management Limited ACN 072 899 060, the Responsible Entity of the Trust.

Business

The business of the meeting is to consider the following resolutions:

Resolution 1 – Approval of the purchase of Property

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purpose of Rule 10.1 of the Listing Rules of ASX Limited and Chapter 2E as modified by Part 5C.7 of the Corporations Act, the acquisition by Westralia Property Trust of the Property detailed in the Explanatory Statement accompanying this Notice of Meeting from ITC Timberlands Pty Ltd, a related party of the Responsible Entity, be approved."

Resolution 2 – Amendments to the Constitution of the Trust – Including a Name Change to the "Agricultural Land Trust"

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That (subject to resolution 1 being passed) pursuant to section 601GC(1)(a) of the Corporations Act 2001, the amendment to the Constitution of the Westralia Property Trust, as set out in the document tabled at the meeting and signed by the Chairman for identification and detailed in the Explanatory Statement accompanying this Notice of Meeting, be approved."

Chairman

The Responsible Entity has nominated its Chariman, Mr Anthony Davies, as the Chairman of the meeting.

How Do You Exercise Your Right To Vote?

All holders of units appearing on the Westralia Property Trust unit register at 12:00 noon on 7 June 2008 are entitled to attend and vote at the meeting.

On a show of hands you have one vote. On a poll, you have one vote for every unit you hold.

Voting by proxy

If you cannot attend, you may appoint a proxy to attend and vote for you. A proxy does not have to be a unitholder of the Westralia Property Trust. To ensure that all unitholders can exercise their right to vote on each proposed resolution, a proxy form is enclosed with this Notice of Meeting together with a reply paid envelope.

Unitholders are entitled to appoint up to two persons to attend the meeting and vote and may specify the proportion or number of votes each proxy is appointed to exercise.

Proxy forms must be deposited at Computershare Investor Services Pty Ltd, Level 2, 45 St George's Terrace, Perth WA 6000 in person, by mail or by facsimile to be received not less than 48 hours before the time of the meeting.

The proxy form provides details of what you need to do to appoint a proxy to attend and vote for you.

If you appoint the Chairman of the meeting as your proxy and you do not specifically direct how the Chairman is to vote as your proxy, you will be taken to have directed the Chairman to vote in favour of the resolutions and the Chairman will exercise your votes in favour of the resolutions.

Jointly held units

If your units are jointly held, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held units, only the vote of the holder whose name first appears on the register will be counted.

Corporations Voting

In order to vote at the meeting, a corporation, which is a unitholder may appoint a proxy to vote on its behalf.

Alternatively, a corporation may appoint a person to act as its representative. A representative does not have to be a unitholder of the Westralia Property Trust. The appointment must comply with section 253B of the Corporations Law. The representative should bring to the meeting evidence of his or her appointment including any authority under which it is signed.

Voting Exclusions

The Westralia Property Trust will, in accordance with Rule 10.10 of the Listing Rules of ASX Limited and the Corporations Act, disregard any votes on Resolution 1 by Westralia Property Management Limited ACN 072 899 060 and ITC Timberlands Pty Ltd ACN 089 781 840 or any of their associates.

However, a vote will not be disregarded if:

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

By order of the Board

Ian Wigg
Joint Company Secretary
Westralia Property Management Limited
Dated: 12 May 2008

Explanatory Statement

This Explanatory Statement is intended to provide unitholders with information to assess the merits of the resolutions contained in the accompanying Notice of Meeting.

The directors of the Responsible Entity recommend shareholders read this Explanatory Statement and the accompanying Independent Expert's Report in full before making any decision in relation to the resolutions.

Resolution 1: Acquisition Of Property

Background

Resolution 1 concerns the proposed acquisition by the Westralia Property Trust from ITC Timberlands Pty Ltd (part of the ITC group of companies) of leased rural property currently utilised for tree plantations.

ASX Listing Rule 10.1 requires an entity to obtain approval of holders of the entity's ordinary securities to acquire a substantial asset from a related party. As set out below, ITC Timberlands Pty Ltd is a related party of both the Westralia Property Trust and its responsible entity, Westralia Property Management Limited. The land proposed to be purchased represents a substantial asset as its value exceeds 5% of the equity interests of Westralia Property Trust as set out in the latest accounts given to ASX under the Listing Rules.

Chapter 2E of the Corporations Act as modified by Part 5C.7 of the Corporations Act prohibits a responsible entity from giving a financial benefit to a related party of the responsible entity, subject to certain exceptions. One of the exceptions to this prohibition is where the responsible entity first obtains the approval of unitholders of the relevant managed investment scheme. ITC Timberlands Pty Ltd is a related party of the responsible entity of the Westralia Property Trust and the acquisition of land from ITC Timberlands Pty Ltd represents the giving of a financial benefit to that company.

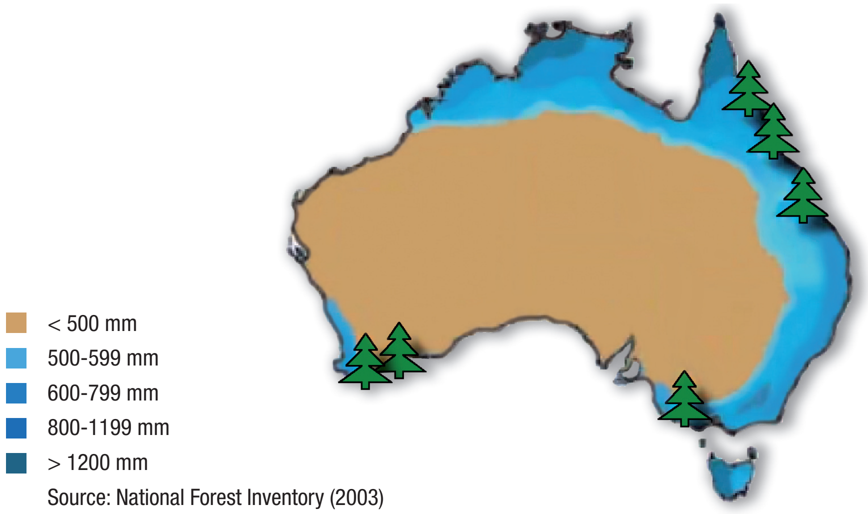
In accordance with the requirements of the ASX Listing Rules and the Corporations Act the following information is provided to allow unitholders to assess the proposed transaction.

Details of assets being acquired

The assets to be purchased by Westralia Property Trust consist of 17 plantation sites totalling approximately 22,080 hectares (of which approximately 15,537 hectares is considered plantable land) located in the following regions:

- Green Triangle region of South Western Victoria;
- Albany and Esperance regions of South Western Australia
- Mid and far North Queensland.

The green markers on the following map indicate the general geographical spread of the plantations. The key on the map indicates annual rainfall:



The plantation sites are concentrated in areas with historically reliable average annual rainfall of at least 600mm and are in areas recognised for productive soil profiles. The sites are generally well serviced by appropriate road networks and average proximity to the main port terminals of each property is generally considered to be an advantage.

The plantation sites located in Victoria and Western Australia are used for the cultivation of Tasmanian Blue Gum for pulp production. The Queensland plantation sites are likely to be used for Mahogany and Eucalyptus Grandis x Camaldulensis

Each plantation site is leased to ITC Project Management Limited. This company is the responsible entity of a number of registered management investment schemes.

The total purchase price of the land is $90,250,000.

The tables below summarises details of each plantation site Westralia Property Trust intends to purchase.

Green Triangle Region

Property Name	Property Location	Land Area (ha)	Distance to Port (km)	Nearest Port	Purchase Price $	Average Annual Rainfall mm
Donibristle	Digby, Vic	690.78	75	Portland	4,500,000	700
Lanark	Branxholme, Vic	286.34	65	Portland	1,950,000	700
Merrivale	Macarthur, Vic	385.50	75	Portland	2,550,000	700-750
Plummer	Chetwynd, Vic	320.64	140	Portland	1,150,000	600
Poolaijelo	Poolaijelo, Vic	214.54	165	Portland	800,000	600-650
Sleatbank	Branxholme, Vic	461.21	70	Portland	3,100,000	650-700
Tahara	Grassdale, Vic	238.20	75	Portland	1,650,000	650-700
Waratana	Macarthur, Vic	455.88	80	Portland	3,025,000	700-750
Subtotal - Victoria		**3,054.09**			**18,725,000**	

Western Australia

Property Name	Property Location	Land Area (ha)	Distance to Port (km)	Nearest Port	Purchase Price $	Average Annual Rainfall mm
Gidget	Manypeaks, WA	1,017.63	70	Albany	4,300,000	650-700
Gunnamatta	Palmdale, WA	1,296.53	60	Albany	6,100,000	650-700
Linkletters	Condingup, WA	8,937.27	75	Esperance	33,395,000	600-650
Waycott	Mt Barker, WA	148.76	65	Albany	880,000	750-800
Wimbush	Manypeaks, WA	998.985	75	Albany	2,925,000	600-650
Subtotal - Western Australia		**12,399.17**			**47,600,000**	

Queensland

Property Name	Property Location	Land Area (ha)	Distance to Port (km)	Nearest Port	Purchase Price $	Average Annual Rainfall mm
Moundoba	Yeppoon, Qld	1,616.68	150	Gladstone	4,275,000	1,100
Fishtail	Tully, Qld	912.26	150	Gladstone	8,300,000	4,000
Caravan Hill	Tully, Qld	616.50	150	Gladstone	7,200,000	4,000
Hillrise	Proserpine, Qld	3,481.60	100	Mackay	4,150,000	1,792
Subtotal - Queensland		**6,627.04**			**23,925,000**	

Responsible Entity Fee Holiday

To assist with the proposed transformation of the Trust to an agricultural land trust, Westralia Property Management Ltd as Responsible Entity for the Westralia Property Trust will provide a Responsible Entity fee holiday **(RE Fee Holiday)** for all fees payable to the Responsible Entity relating to rural property up until **30 June 2010**.

The RE Fee Holiday will represent a waiver of fees payable to the Responsible Entity pursuant to Clauses 10.1 to 10.3 of the Westralia Property Trust's Constitution. The fees waived will comprise fees payable on new investments (including the investment being the subject of Resolution 1), capital growth, net income from assets and fees levied on total assets.

The proposed RE Fee Holiday will only be effective in the event that Resolution 1 is passed.

Independent Expert Report

As required by ASX Listing 10.10.2 the Responsible Entity has received a report on the transaction from an Independent Expert, Deloitte. A copy of the report is enclosed as Annexure 1 of this Explanatory Statement. The Independent Expert has stated that the transaction is fair and reasonable to holders of the Westralia Property Trust's ordinary units whose votes are not to be disregarded.

The name of the related party

It is proposed that the Responsible Entity acquire the property described in the previous section of this Explanatory Statement **(Property)** from ITC Timberlands Pty Ltd ACN 089 781 840 **(ITC)**. ITC is a related party of the Responsible Entity as both companies are wholly owned by Futuris Corporation Limited ACN 004 336 636 **(Futuris)**. ITC is also a related party of the Westralia Property Trust as Futuris also has a relevant interest in 51.4% of the units in the Westralia Property Trust.

The nature of the financial benefit

The nature of the financial benefit being provided to ITC is the purchase price of the Property. The Property has been valued by Colliers International **(Colliers)**. The purchase price being paid is within the range of Collier's estimated fair market values. A summary of the valuation report by Colliers is contained as an appendix to the Independent Expert's Report and has been relied on by the Independent Expert in reaching its conclusion.

Reasons for giving financial benefit

As advised to ASX on 10 October 2007 the Westralia Property Trust has identified agricultural property as an investment class which is expected to perform strongly in the near to long term due a global tightening of supply and rising agricultural produce prices.

Rural land supply is tightening globally as a result of increased demand for bio-fuel feedstock production, resistance to deforestation and the introduction of reforestation. The resultant higher output prices are also expected to support appreciation in property value. These trends are especially applicable to Australia where expansion of the national plantation estate has become an important factor in the valuation of rural land. Other recent factors that have contributed to local land appreciation include increasing corporate agriculture, rising food prices and appreciation of the access to water.

Property trusts have a largely unrecognised but important role to play in the restructuring of Australian agriculture. The Westralia Property Trust's position within the Futuris group of companies positions Westralia Property Trust well to access and assess opportunities within the rural sector. This is especially relevant to forestry where the opportunity exists for acquisition of high quality broad acre land backed by long term rental agreements.

The Responsible Entity has been able to secure a substantial portfolio of leased plantation property at a price supported by an independent valuation to enable the Westralia Property Trust to make a significant initial investment in the rural property sector. The Responsible Entity believes that the proposed acquisition provides substantial benefits to unitholders both in terms of future distributions of income and potential for capital growth.

Directors' recommendation

Each director of the Responsible Entity recommends that unitholders vote in favour of the resolution for the following reasons:

1. the directors have identified agricultural property as an investment class which is expected to perform strongly in near to long term;
2. the directors believe that the proposed acquisition provides benefits to unitholders both in terms of future distributions of income and potential for capital growth; and
3. the opinion of the Independent Expert set out in the Independent Expert's Report that the acquisition of the Property is fair and reasonable for unitholders not associated with the Responsible Entity or ITC.

Directors' interests in the proposed resolutions

The directors of the Responsible Entity have no direct personal interest in the transaction or the Property:

Mr Peter Hall holds 220 ordinary shares in Futuris Corporation Limited which owns both the Responsible Entity and ITC and also has a relevant interest in 51.4% of the units in the Trust.

Mr Peter Zachert owns 1,352,631 ordinary shares in Futuris Corporation Limited. Mr Zachert owns 10 units in the 2007 ITC Diversified Forestry Project. Mr Zachert is also a director of ITC Timberlands Pty Ltd.

Mr Tony Davies owns 722,005 shares in Futuris Corporation Limited. Mr Davies owns 30 plantation units in the ITC Sandalwood Project 2004 and 100 plantation units in the ITC Pulpwood Project 2004 (which project is carried out on Properties the subject of this proposed transaction). Mr Davies is also a director of ITC Project Management Limited (the lessee of each of the Properties) and a number of other companies in the ITC group of companies. He is not a director of ITC Timberlands Pty Ltd.

Other information

Apart from the information set out in this Explanatory Statement and the accompanying Independent Expert Report there is no other information that is known to the Responsible Entity or any of its directors that is reasonably required by unitholders to decide whether or not it is in the interests of Westralia Property Trust to pass Resolution 1.

Resolution 2: Change To Constitution

Background

Resolution 2 concerns proposed amendments to the Trust's Constitution. Full details of the amendments are set out in the proposed Deed of Amendment enclosed as Annexure 2 of this Explanatory Statement.

The proposed amendments ensure that the Constitution is in line with updates to the relevant ASIC Class Orders applicable to managed investment scheme constitutions and clarify the operation of certain provisions of the Constitution which were previously unclear. The proposed amendments also change the frequency of distributions.

The amendments are concerned with the following provisions:

- change of name of Trust (clause 3);
- issuing new units in Trust (clause 4); and
- distributions of Trust (clause 11).

The proposed changes are summarised as follows.

Change of name of Trust

The Constitution is amended to reflect the new proposed name of the Trust as the Agricultural Land Trust.

Issuing Units

The provisions relating to issuing units in the Trust have been amended so that they are in line with the requirements of ASIC Class Order 05/26 and the ASX Listing Rules.

In particular, Rule 17.1 of the ASX Listing Rules provides that the percentage of Trust units that can be issued without member approval by way of a placement over any 12 month period is 15%. The relevant ASIC Class Order previously only allowed placements up to 10%, but this was amended in 2005 to be consistent with the ASX Listing Rules.

Trust distributions

It is proposed that the distribution period for Trust distributions be changed from quarterly distributions to half yearly distributions, which is likely to save considerable administrative costs.

The distribution date is also proposed to be amended so that it is up to 3 months after the end of the distribution period instead of 28 days, to bring it into line with the requirement to finalise accounts.

The provisions relating to Trust distributions have also been modified to set out more clearly when and how Trust distributions are made.

Explanatory Statement Annexures

(1) Independent Expert's Report

Westralia Property Trust

Independent expert's report

24 April 2008

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457
Level 17
11 Waymouth St
Adelaide SA 5000
GPO Box 1969
ADELAIDE SA 5001 Australia

Financial services guide

24 April 2008

What is a Financial Services Guide?

This Financial Services Guide (FSG) is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127). The use of "we", "us" or "our" is a reference to Deloitte Corporate Finance Pty Limited as the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

We have been engaged by the responsible entity of Westralia Property Trust, Westralia Property Management Limited, to give general financial product advice in the form of a report to be provided to you in connection with an offer to acquire certain leased rural property assets from ITC Timberlands Pty Ltd, a part of the ITC Limited group of companies. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance Pty Limited is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

The Australian partnership of Deloitte Touche Tohmatsu is a member firm of the Deloitte Touche Tohmatsu Verein. As the Deloitte Touche Tohmatsu Verein is a Swiss Verein (association), neither it nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other related names.

The financial product advice in our report is provided by Deloitte Corporate Finance Pty Limited and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- to provide financial product advice in respect of securities, debentures, stocks or bonds issued or proposed to be issued by the government and interests in managed investment schemes including investor directed portfolio schemes
- to deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of securities and debentures, stocks or bonds issued or proposed to be issued by the government.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed
with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Deloitte Corporate Finance Pty Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is $50,000, excluding GST, and will also be disclosed in any relevant PDS or offer document prepared by the issuer of the financial product.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits in connection with our advice.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Complaints Officer
Practice Protection Group
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service (FICS). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service
PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone: 1300 780 808
Fax: +61 3 9621 2291
Internet: http://www.fics.asn.au

If your complaint relates to the professional conduct of a person who is a Chartered Accountant, you may wish to lodge a complaint in writing with the Institute of Chartered Accountants in Australia (ICAA). The ICAA is the professional body responsible for setting and upholding the professional, ethical and technical standards of Chartered Accountants and can be contacted at:

The Institute of Chartered Accountants
GPO Box 3921
Sydney NSW 2001
Telephone: +61 2 9290 1344
Fax: +61 2 9262 1512

Specific contact details for lodging a complaint with the ICAA can be obtained from their website at http://www.icaa.org.au/about/index.cfm.

The Australian Securities and Investments Commission (ASIC) regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: infoline@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457

Level 17
11 Waymouth St
Adelaide SA 5000
GPO Box 1969
ADELAIDE SA 5001 Australia

DX 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7003
www.deloitte.com.au

The Independent Director
Westralia Property Management Limited, as the responsible entity of Westralia Property Trust
Level 6
27 Currie Street
ADELAIDE SA 5000

24 April 2008

Dear Independent Director

Independent expert's report

Introduction

On 10 October 2007, Westralia Property Trust (WST) announced a restructuring plan to its unit holders (Unit Holders) involving a substantial change in WST's asset base from a property trust to an agricultural land trust. As part of this restructuring strategy, it is proposed that WST will acquire certain rural property assets from ITC Timberlands Pty Ltd, a part of the ITC Limited group of companies (collectively referred to as ITC). ITC is a wholly owned subsidiary of Futuris Corporation Limited (Futuris).

Since Futuris and its related entities own approximately 51.4% of WST, ITC is therefore a related party of both WST and its responsible entity, Westralia Property Management Limited.

It is proposed that WST will acquire 17 forestry plantation sites (located in Victoria, Western Australia and Queensland) comprising approximately 22,080 hectares (the Assets) from ITC for $90.25 million payable in cash (the Proposed Transaction).

Further information on the Proposed Transaction is provided in Section 1.

Purpose of the report

When the disposal of a substantial asset to related parties is proposed, Chapter 10 of the Australian Securities Exchange (ASX) Listing Rules (the Listing Rules) requires the preparation of a report by an independent expert stating whether the Proposed Transaction is fair and reasonable for the non-associated security holders. The independent director of Westralia Property Management Limited (the Independent Director), as the responsible entity of WST, has requested Deloitte Corporate Finance Pty Limited (Deloitte) to provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated unit holders of WST (Non-Associated Unit Holders).

We have prepared this report having regard to Chapter 10 of the Listing Rules and the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guidelines.

This report is to be included in the explanatory memorandum (Explanatory Memorandum) accompanying the notice of meeting to approve the Proposed Transaction (the Notice of Meeting), which will be sent to Unit Holders. This independent expert's report has been prepared for the exclusive purpose of assisting the Non-Associated Unit Holders in their consideration of the Proposed Transaction. We are not responsible to you, or any one else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

To assess whether the Proposed Transaction is fair and reasonable we have considered the overall effect of the Proposed Transaction on the Non-Associated Unit Holders and formed a view as to whether the expected benefits to the Non-Associated Unit Holders outweigh any disadvantages that may arise.

In forming our opinion as to whether the Proposed Transaction is 'fair and reasonable', we have treated the concepts of fairness and reasonableness as a single opinion, that is, the Proposed Transaction is or is not fair and reasonable.

In assessing whether the Proposed Transaction is fair and reasonable we have considered the estimated fair market value of the Assets and compared this value with the consideration to be paid by WST. Due to the specialised nature of the Assets being valued, we have relied upon the report of Colliers International Consultancy and Valuation Pty Limited (Colliers). The estimated fair market value of the Assets is presented by Colliers in their report dated 1 January 2008 (Colliers Report). Our consideration of the Colliers Report is set out in Section 6 below. The Colliers Report's executive summary has been attached as Appendix 2 to this report.

We have also considered the advantages and disadvantages of the Proposed Transaction for Unit Holders.

Summary and conclusion

In our opinion the Proposed Transaction is fair and reasonable. In arriving at this opinion, we have had regard to the following factors:

Advantages of the Proposed Transaction

Proposed Transaction is fair

The consideration offered is based on the leased investment value of the Assets as determined by Colliers. Colliers have considered the value of the Assets on a number of alternative bases, and the consideration offered is within the range of Collier's estimated fair market values for the Assets. Set out in the table below is a comparison of the fair market value of the Assets with the consideration offered by WST.

Table 1: Comparison of the fair market value of the Assets with the consideration offered

	Low ($'000)	High ($'000)
Estimated fair market value of the Assets (Section 6.2)	87,880	90,355
Estimated fair market value of consideration offered (Section 1)	90,250	90,250

Source: Deloitte analysis

We note, however, that transaction costs (for example stamp duty) will be incurred as part of the Proposed Transaction which is consistent with general market practice. These transaction costs will increase the effective cost of the acquisition and slightly dilute any future returns on the Assets. We understand that the stamp duty obligations of the Proposed Transaction could be in the region of $4.5 million (refer to Section 6.3 for further detail).

The Assets have a number of characteristics which maybe perceived as beneficial

The following characteristics of the Assets maybe perceived as beneficial:

- the Australian forestry plantation industry has seen a compound annual growth rate (CAGR) of 10% per annum from 2002 to 2006 (as outlined in Section 4.1). Due to the demand for Managed Investment Schemes (MIS) projects, forestry plantations and the underlying land have held its value even in the evidence of drought
- the Assets are located in regions conducive to the development of forestry. In addition, the Colliers Report states *"all tree farms are located in areas recognised for reliable rainfall and productive soil profiles"*
- the Assets provide a diversified portfolio of agricultural land across different regions of Australia
- the location of the Assets combined with the remediation provisions in the proposed lease agreement with ITC allows the Assets to be utilised for alternative agricultural applications (other than forestry)
- the Colliers Report notes *"the portfolio contains first rotation land, with the Esperence (Western Australia) and Queensland sites containing young plantations (mainly 2006/2007 plantings and yet to be developed land)"*
- the current rise in the price of soft commodities (wheat, barley, cotton) and the resultant increased demand for agricultural properties.

Futuris' commitment to the Proposed Transaction

Unit Holders are expected to benefit from Futuris' commitment to the Proposed Transaction in particular:

- guaranteeing the payment of any outstanding lease payments to WST in the event that ITC defaults on its lease obligations to WST
- an exemption in relation to the responsible entity fees payable to Westralia Property Management Limited until 30 June 2010
- Futuris' extensive experience in the agricultural industry.

Opportunity to acquire rural property assets with secure tenants

WST has previously invested in tourism, hospitality and commercial/ retail property assets, which WST management has advised have consistently underperformed. As a result, WST has been progressively divesting these underperforming assets.

The Proposed Transaction provides WST with the opportunity to acquire rural property assets leased for a simple average term of 7.2 years and a weighted average term of 9.0 years. We note that this lease term is estimated as at the date of this report. The lease agreements also contain two renewal periods at the lessee's discretion for a minimum of 10 years and no more than 25 years. These lease agreements are to be entered into with an associated entity of ITC and are guaranteed by Futuris.

The above lease agreements are likely to provide WST with a secure and stable rental income over the medium term. In addition, the Colliers Report notes that the passing rent for each property determined under the draft lease agreement "*is slightly above comparable market rates.*"

Opportunity to establish WST as an agricultural land trust

In 2007, WST announced a restructuring strategy to Unit Holders, involving a substantial change in WST's asset base to an agricultural land trust.

The Proposed Transaction will provide WST with a portfolio of 17 properties across Victoria, Western Australia and Queensland, comprising approximately 22,080 hectares. This portfolio will establish WST as an agricultural land trust.

Ability to control 100% of the Assets

WST has historically invested in tourism, hospitality and commercial/ retail property assets through syndicates, which has not always provided WST with control of these assets.

WST will acquire 100% of the Assets from ITC. The Proposed Transaction will provide WST with absolute control of the Assets and the associated revenues and expenses, subject to the rights and obligations of the lessee.

Distributions

Due to the underperformance of WST's tourism, hospitality and commercial/ retail property portfolio, Unit Holders have not received a distribution from WST during the period from April 2005 to October 2007. In November 2007 a once off distribution was required to be made due to taxable capital gains made on the sale of WST's commercial/ retail property as Murray Street, Perth. No distributions have been paid subsequent to November 2007.

As a result of the proposed lease agreements with ITC, WST is expected to generate stable revenues over the lease term. This may enable WST to pay distributions to Unit Holders over the medium term, commencing from the second half of 2008.

Utilisation of surplus cash

Since announcing its restructuring strategy, WST has been in the process of divesting their tourism, hospitality and commercial/ retail property assets. These divestments have resulted in surplus cash of approximately $35.9 million (as at 31 December 2007) accumulating on WST's balance sheet. WST's current cash reserves are returning approximately 7.8% per annum.

WST proposes to acquire the Assets through a combination of existing cash and debt. Accordingly, the Proposed Transaction provides WST with the opportunity to utilise this surplus cash more effectively by investing in the Assets, which are likely to have stronger growth prospects and provide higher returns than cash.

Elimination of interest rate risk

WST's rent mechanism negotiated with ITC, as discussed in Section 3.3, reduces the risk associated with adverse interest rate movements.

As a result of the structure of the proposed lease agreement with ITC, Unit Holders are provided with the advantage of a secure margin over the lease term.

Discount to net tangible assets

Based on WST's current unit price of $0.29 as at 23 April 2008 WST's units trade at a discount to net tangible assets of approximately 37.5%.

In comparison to other property trusts, it appears that WST is trading on a relatively large discount to net tangible assets. The discount to net tangible assets may reduce post the Proposed Transaction depending on how the market views the Proposed Transaction.

Disadvantages of the Proposed Transaction

Change in business strategy of WST

The current Unit Holders of WST invested in a property trust comprising a portfolio of tourism, hospitality and commercial/ retail property assets. The Proposed Transaction will transform WST into an agricultural land trust investing in a portfolio of rural property assets. Certain Unit Holders may not wish to invest in a portfolio of rural property assets and, as a result, may sell their units.

High level of gearing

Post completion of the Proposed Transaction, WST's overall loan to asset value ratio will be in the region of 60% to 65%. We note that this loan to asset value ratio is comparable to Timbercorp Primary Infrastructure Fund Limited, which has a gearing level in the region of 60% to 70%.

Post completion of the Proposed Transaction, WST's interest coverage ratio is likely to reduce to approximately 1.60 times. It is, however, expected that WST's interest coverage ratio may increase over the medium term as WST reduces its gearing. Historically, WST's interest cover ratio has been negative due to the high interest rates charged on its borrowings, and the poor performance of its assets.

We note that WST's rent mechanisms minimised WST's exposure to interest rate risk post the Proposed Transaction (as discussed above),

Tax consequences

Acceptance of the Proposed Transaction may have tax consequences for Unit Holders. While we note that the tax implications for Unit Holders may vary depending on the circumstances of each Unit Holder, possible tax consequences for Unit Holders may include the following:

- WST has historically paid tax-deferred distributions. As a result of the Proposed Transaction and WST's change in strategic direction to an agricultural land trust, Unit Holders will not receive any distributions on a tax-deferred basis
- currently the demand for forestry plantations is driven by MIS and their associated tax rulings. The current tax ruling entitles investors in forestry MIS to an immediate upfront deduction for expenditure directly related to developing forestry plantations. Any modification to the current tax ruling on MIS could have an impact on the demand for and profitability of forestry plantations and thereby, potentially, the underlying land value.

Opinion

In our opinion, the Proposed Transaction is fair and reasonable to Non-Associated Unit Holders. An individual Unit Holder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt, the Unit Holder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

David Hill	**Hamish Blair**
Director	Director

Note: All amounts stated in this report are Australian dollars ($) unless otherwise stated and may be subject to rounding.

Contents

Appendices

1 Terms of the Proposed Transaction

1.1 Summary

On 10 October 2007, WST announced a restructuring plan to its Unit Holders involving a substantial change in WST's asset base from a property trust to an agricultural land trust. As part of this restructuring strategy, it is proposed that WST will acquire certain rural property assets from ITC. ITC is a wholly owned subsidiary of Futuris.

We understand that WST has entered into an Option Deed with ITC (which expires on 30 June 2008) to secure the Assets and allow WST to progress its financing and obtain Unit Holder approval.

Since Futuris and its related entities own approximately 51.4% of WST, ITC is therefore a related party of both WST and its responsible entity, Westralia Property Management Limited.

It is proposed that WST will acquire 17 forestry plantation sites from ITC (located in Victoria, Western Australia and Queensland) comprising approximately 22,080 hectares, for $90.25 million payable by cash.

The purchase price for the Assets has been independently determined by Colliers as presented in their report dated 1 January 2008. Our consideration of the Colliers Report is set out in Section 6 below. The Colliers Report's executive summary has been attached as Appendix 2 to this report.

If approved by Unit Holders, completion of the Proposed Transaction is expected to occur prior to the end of the 2008 financial year. Full details of the Proposed Transaction are provided in the Explanatory Memorandum.

1.2 WST's intentions

As at the date of this report, we understand that WST has entered into agreements to divest its remaining tourism, hospitality and commercial/ retail property assets (with the exception of a 15% interest in the Broadwater Bussleton property syndicate). This is consistent with the restructuring strategy announced by WST and referred to above.

WST proposes to acquire the Assets through a combination of existing cash and debt. We understand that WST proposes to gear the Assets such that they have a loan to asset value ratio in the region of 60% to 65%, with any short fall in cash being funded by Futuris, an associated entity of WST.

Upon completion of the Proposed Transaction, WST will have acquired an initial portfolio of leased rural property assets. We understand that WST intends to continue to increase its portfolio of rural property assets going forward.

1.3 ITC's intentions

ITC operates a portfolio of MIS investing in hardwood forestry plantations. To enable ITC to continue to operate these MIS projects, the Assets to be acquired by WST are intended to have accompanying lease agreements with ITC Project Management Ltd (an associated entity of ITC). The key terms of the draft lease agreement dated 22 April 2008 are summarised in Section 3.3 below.

1.4 Futuris' intentions

Unit Holders are expected to benefit from Futuris' commitment to the Proposed Transaction in particular:

- guaranteeing the payment of any outstanding lease payments to WST in the event that ITC defaults on its lease obligations to WST
- an exemption in relation to the responsible entity fees payable to Westralia Property Management Limited until 30 June 2010
- Futuris' extensive experience in the agricultural industry.

1.5 Conditions of the Proposed Transaction

The Proposed Transaction is subject to approval by Unit Holders and subject to completion of legal due diligence by WST.

2 Scope of the report

2.1 Purpose of the report

The Independent Director has requested that Deloitte provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to Non-Associated Unit Holders.

This report is to be included in the Explanatory Memorandum to accompany the Notice of Meeting, seeking Unit Holder approval for the Proposed Transaction.

This report has been prepared for the exclusive purpose of assisting Non-Associated Unit Holders in their consideration of the Proposed Transaction. We are not responsible to you, or any one else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

Neither the Listing Rules, nor the Corporations Act 2001 provide a definition of 'fair and reasonable' for the purposes of ASX Listing Rule 10. In evaluating whether the Proposed Transaction is fair and reasonable to the Non-Associated Unit Holders we have considered the Listing Rules, ASIC's Regulatory Guides (in particular, Regulatory Guide 111 (RG111) issued by ASIC in relation to independent expert's reports) and common market practice.

Listing Rule 10 can encompass a wide range of transactions. Accordingly, 'fair and reasonable' must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the alternatives available.

RG111 provides guidance in relation to the content of independent expert's reports prepared for various transactions. It does not provide specific guidance on the form and content of the reports prepared in respect of related party transactions. It provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that the reasonably anticipated concerns of the people affected by the Proposed Transaction are adequately dealt with.

We have therefore had regard to the underlying rationale of the requirement of Listing Rule 10, which is to ensure that, as far as practicable, non-associated security holders are not disadvantaged as a result of a substantial transaction by the company involving persons that are in a position of influence in the company.

2.2.2 Fair and reasonable

In our opinion the most appropriate basis on which to evaluate whether the Proposed Transaction is 'fair and reasonable', is to consider the overall effect of the Proposed Transaction on the Non-Associated Unit Holders and to form a judgement as to whether the expected benefits to the Non-Associated Unit Holders outweigh any disadvantages that may result from the Proposed Transaction. Value is an important element, but not the only element of this assessment given the circumstances of the Proposed Transaction.

In forming our opinion as to whether the Proposed Transaction is 'fair and reasonable', we have therefore treated the concepts of fairness and reasonableness as a single opinion, that is, the Proposed Transaction is, or is not, fair and reasonable.

The estimated market value of the Assets is presented by Colliers in the Colliers Report dated 1 January 2008. The Colliers Report defines market value as *"the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without comparison."* This is consistent with the definition of fair market value, which Deloitte would ordinarily adopt.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Colliers' consideration of the value of the Assets has not been premised on the existence of a special purchaser.

We have also considered other potential advantages and disadvantages to the Non-Associated Unit Holders of undertaking the Proposed Transaction.

2.2.3 Individual circumstances

We have evaluated the Proposed Transaction for Unit Holders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from those adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent adviser.

2.3 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 4.

Our procedures and enquiries do not include verification work nor constitute an audit in accordance with Australian Auditing Standards (AUS), nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

3 The Assets

3.1 Overview of ITC

ITC was established in Western Australia in 1990 and provides specialised forestry management services in relation to plantation assets on behalf of wholesale and retail MIS investors. ITC is now a wholly owned subsidiary of Futuris, following Futuris' acquisition of the remaining shares in ITC that it did not already own in 2006. Today, ITC is an integrated forestry company with interests in the entire forestry value chain from the ownership of land and plantations to processing and export facilities.

ITC has two principal business divisions:

- timber plantations, which operates predominantly through a MIS structure.
- timber processing.

Through its MIS structure, as mentioned above, ITC manages a number of hardwood plantation projects (spread over 150,000 hectares of land) on behalf of more than 16,500 investors, who have collectively invested over $640 million in plantations managed by ITC.

ITC is seeking to divest approximately 22,080 hectares of land (approximately 15% of ITC's managed forestry plantations) underlying its MIS structure to WST. We provide an overview of the Assets below.

3.2 Overview of the Assets

The Assets comprise of 17 plantations sites across Australia making up approximately 22,080 hectares. Eight sites are located in the Green Triangle region (one of Australia's major forestry regions) of south western Victoria, five in Western Australia and four in Queensland.

The Colliers Report states *"All tree farms are located in areas recognised for reliable rainfall and productive soil profiles. Of the total plantation sites, 13 (all Green Triangle and Western Australia tree farms) are used for the cultivation of Tasmanian Blue Gum (Eucalyptus Globulus) for pulp production. The Queensland sites are earmarked for Mahogany and Eucalyptus Grandis x Camaldulensis plantations, and all are under the management of the Integrated Tree Cropping group."*

In addition, the Colliers Report notes *"The portfolio contains first rotation land, with the Esperence (Western Australia) and Queensland sites containing young plantations (mainly 2006/2007 plantings and yet to be developed land)."*

The Colliers Report summarises the location and size of the Assets by property, as represented in the table below:

Table 2: Description of the Assets

Property	Location	Land area (hectares)	Distance to port (kilometres)	Nearest port
Victoria				
Donibristle Tree Farm	Digby	690.78	75	Portland
Merrivale Tree Farm	Branxholme	286.34	65	Portland
Waratana Tree Farm	Macarthur	385.50	75	Portland
Plummer Tree Farm	Chetwynd	320.64	140	Portland
Tahara Tree Farm	Poolaijelo	214.54	165	Portland
Lanark Tree Farm	Branxholme	461.21	70	Portland
Poolajelo Tree Farm	Grassdale	238.20	75	Portland
Sleatbank Tree Farm	Macarthur	455.88	80	Portland
Subtotal Victoria		***3053.09***		
Western Australia				
Gidget Tree Farm	Manypeaks	1,017.63	70	Albany
Gunnamatta Tree Farm	Palmdale	1,296.53	60	Albany
Linkletters (North and South) Tree Farm	Condingup	8,937.27	75	Esperence
Waycott Tree Farm	Mount Barker	148.76	65	Albany
Wimbush Tree Farm	Manypeaks	998.98	75	Albany
Subtotal Western Australia		***12,399.17***		
Queensland				
Moundoba Tree Farm	Yeppon	1,616.68	150	Gladstone
Fishtail Tree Farm	Tully	912.26	150	Gladstone
Caravan Hill Tree Farm	Tully	616.50	150	Gladstone
Hillrise Tree Farm	Prosepine	3,481.60	100	Mackay
Subtotal Queensland		***6,627.04***		
Total		**22,079.30**		

Source: Colliers Report

As can be seen from the table above, the Assets are concentrated in Western Australia, with over 56% of the Assets by land area being owned in this state. The remainder of the Assets are located in Queensland (30% by land area) and Victoria (14% by land area). Refer to the Colliers Report for further information on the individual properties and their respective regions.

On average, the Assets are approximately 95 kilometres to the nearest port, providing direct access to the relevant timber markets.

3.3 Lease agreements

WST (lessor) is proposing to lease back the Assets to ITC Project Management Ltd, an associated entity of ITC, (lessee) under the terms of the draft lease agreement dated 22 April 2008. The key terms of the draft lease agreement are summarised below.

Table 3: Proposed lease agreement – key terms

Key terms	
Commencement date	Dependant upon the completion of the Proposed Transaction.
Lease term	Terms vary from 4.7 years to 18.2 years, as discussed in Section 3.3.1 below
Rental	The rent payable under the lease each quarter is based on the following formula: Rent = land value x (the higher of 4% and the 90 day bank bill swap rate + landlord's margin (25 basis points) + landlord's funding cost)/4 The land value is increased quarterly in accordance with the consumer price index and market review terms under the lease. The land value is to be based on a greenfields value. The landlord's funding cost is the difference between the interest rate applicable to the landlord and the bank bill swap rate.
Lessee's obligations	• comply with all the requirements and conditions of all Approvals and all laws in relation to its use of and activities on the land including environmental laws • maintain and keep the land in good and substantial repair, including maintain fencing that was in place at the commencement of the lease • the lessee may conduct the permitted use (which may include tree farming and other agricultural activities) on the land as it sees fit without any interference or objection from the lessor • pay all rates, taxes (including land tax) and utilities • maintain a public risk insurance policy for the amount of $20 million • "make good" the land on expiry of the lease, or compensate the lessor for the cost of restoring the land to a cleared state
Lessor's responsibilities	• use its best endeavours to ensure that the landlord's funding cost is kept as low as possible having regard to market interest rates • provide the lessee with access and use of the water rights • offer the lessee right of first refusal to purchase the land, in the event that the lessor is intending to sell the Assets. The lessee has the option to purchase the land during the period commencing 9 months before the expiry of the lease term and ending 6 months prior to the expiry of the lease term, based on a greenfields value
Renewal term	Two renewal periods are available to the lessee being not less than 10 years and no more than 25 years in both renewal periods
Carbon sequestration benefit	The lessee is the legal and beneficial owner and is responsible for any potential carbon liabilities
Assignment and subletting	The lessee may sublet or licence the lease to a related party or MIS conducted by the lessee without having to obtain the consent of the lessor, provided the dealings of the related party or MIS would suggest that consent may not be unreasonably withheld, but the land can not be assigned or transferred without the lessor's consent
Guarantor	Futuris

Source: Draft lease agreement dated 22 April 2008

3.3.1 Lease term

The proposed lease terms of the Assets as at the date of this report under the draft lease agreement vary from 4.7 years to 18.2 years. These proposed lease terms will vary dependent on the date of the execution of the draft lease agreement. The table below presents a break down of the proposed lease terms by property.

Table 4: Proposed lease term

Property	Years	Proposed expiry
Victoria		
Donibristle Tree Farm	4.7	31 December 2012
Merrivale Tree Farm	4.7	31 December 2012
Waratana Tree Farm	4.7	31 December 2012
Plummer Tree Farm	4.7	31 December 2012
Tahara Tree Farm	4.7	31 December 2012
Lanark Tree Farm	4.7	31 December 2012
Poolajelo Tree Farm	5.2	30 June 2013
Sleatbank Tree Farm	4.7	31 December 2012
Average Victoria	***4.8***	
Western Australia		
Gidget Tree Farm	4.7	31 December 2012
Gunnamatta Tree Farm	4.7	31 December 2012
Linkletters (North and South) Tree Farm[1]	9.7	31 December 2017
Waycott Tree Farm	4.7	31 December 2012
Wimbush Tree Farm	4.7	31 December 2012
Average Western Australia	***5.7***	
Queensland		
Moundoba Tree Farm	10.2	30 June 2018
Fishtail Tree Farm	17.7	31 December 2025
Caravan Hill Tree Farm	18.2	30 June 2026
Hillrise Tree Farm	10.7	31 December 2018
Average Queensland	***14.2***	
Minimum	**4.7**	
Maximum	**18.2**	
Overall average	**7.2**	

Source: Colliers Report and Deloitte analysis

Note:

1. Linkletters Tree Farm is split into two different lease agreements. The above lease term is the mid-point of the two lease agreements

As detailed above, the simple average proposed lease term of the Assets is 7.2 years, with Queensland having the longest average lease term of 14.2 years. On a weighted average basis, by land area, the lease term of the Assets is approximately 9.0 years.

4 Forestry plantation industry

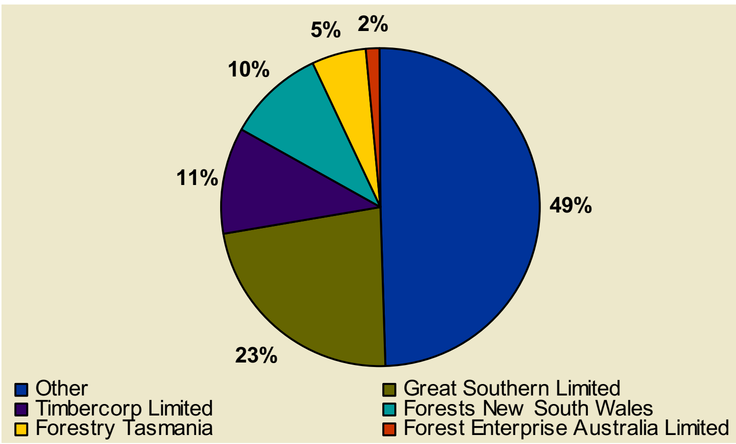
4.1 Overview

The assets owned by ITC are defined as rural property assets, however, are used exclusively for forestry and tree farming. Hence, the following sections focus purely on the forestry plantation industry.

According to the Department of Agriculture, Fisheries and Forestry (DAFF) and its Bureau of Rural Sciences (BRS), Australia's forestry plantations amounted to approximately 1.8 million hectares in 2006 compared to approximately 1.7 million hectares in 2005, an increase of approximately 4.5%. Australia's forestry plantations consist of 44% hardwood and 55% softwood species. Hardwood plantation species primarily consist of Eucalyptus varieties including Red Mahogany, Rose Gum, Shining Gum and Brown Mallet, while the primary softwood species are Caribbean Pine, Slash Pine, and Bunya Pine.

Historically, the forestry plantation industry has been controlled by a small number of relatively large operators. Recent years have seen previously dominant companies within the industry divest rural property assets. This has created opportunities for a growing number of smaller participants to enter the industry. The figure below shows the key market participants and their respective market shares in 2007.

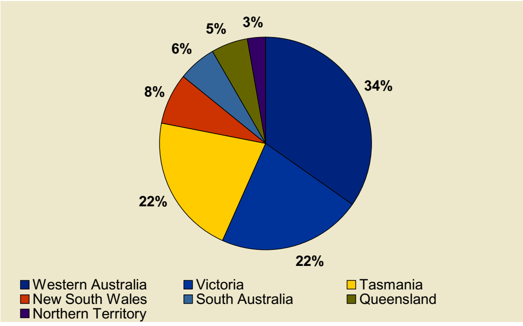
Figure 1: Forestry industry market share (2007)



Source: IBISWorld Pty Ltd (IBIS) industry report 2008

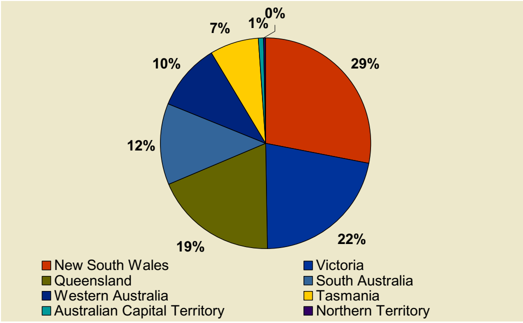
The figures below illustrate the breakdown of hardwood and softwood plantations throughout Australia's states and territories. New South Wales has the largest area of softwood (28% of the national total) while Western Australia has the largest of share of hardwood (35% of the national total) plantations.

Figure 2: Hardwood plantation area (2006)



Source: DAFF, BRS

Figure 3: Softwood plantation area (2006)

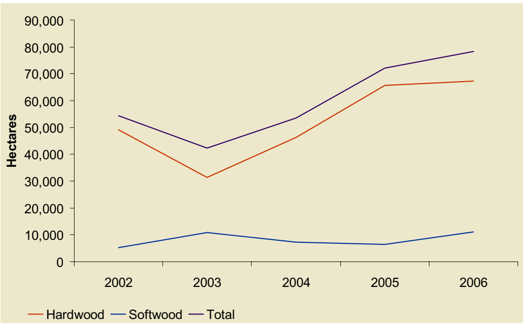


Source: DAFF, BRS

Victoria has the largest plantation area (hardwood and softwood) in Australia with 22% of the national total. This large plantation area is driven primarily by the premium forestry land found within the Green Triangle region.

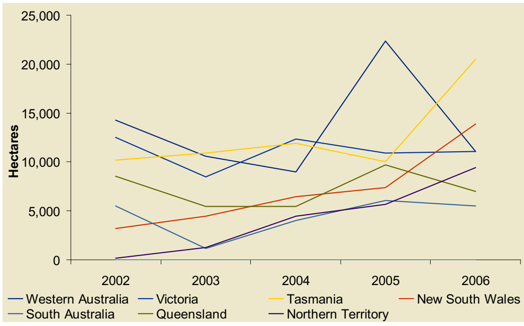
Forestry plantations had a CAGR of approximately 10% per annum from 2002 to 2006. In addition, hardwood plantations had a CAGR of 8% per annum and softwood plantations had a CAGR of 21% per annum growth over the same period. This trend in the growth of forestry plantations is summarised in the following figures.

Figure 4: Forestry plantation growth



Source: DAFF, BRS

Figure 5: Forestry plantation growth by state/territory



Source: DAFF, BRS

Note: There were no new forestry plantations in the Australian Capital Territory from 2002 to 2006

In 2006, the level of forestry plantations increased by approximately 78,000 hectares. Approximately 67,000 hectares of new hardwood species were established in 2006 and approximately 11,000 hectares of softwood.

The new forestry areas planted in 2006, by specie and region are presented in the table below.

Table 5: New forestry areas planted in 2006 (hectares)

	Private	Public	Joint	Total
Hardwood				
New South Wales	198	7,234	-	7,432
Northern Territory	-	9,391	-	9,391
Queensland	382	4,784	113	5,279
South Australia	-	5,522	-	5,522
Tasmania	181	18,147	202	18,530
Victoria	-	10,606	-	10,606
Western Australia	291	10,225	-	10,516
Subtotal	**1,052**	**65,910**	**315**	**67,277**
Softwood				
New South Wales	789	5,650	-	6,439
Northern Territory	-	-	-	-
Queensland	1,690	-	-	1,690
South Australia	-	-	-	-
Tasmania	-	1,563	397	1,960
Victoria	-	452	-	452
Western Australia	573	-	-	573
Subtotal	**3,052**	**7,665**	**397**	**11,114**
Total	**4,104**	**73,575**	**712**	**78,391**
Proportionate total (%)	***5%***	***94%***	***1%***	***100%***

Source: DAFF, BRS

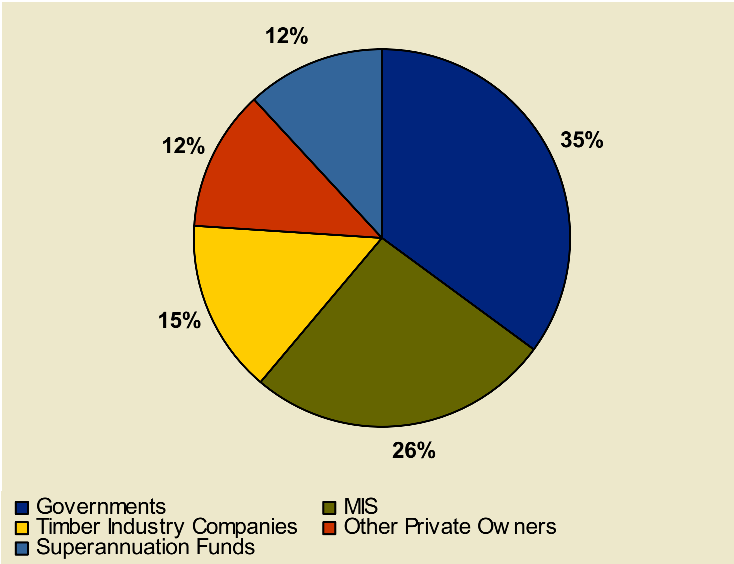
Note:

1. Public forestry assets are owned by various government departments and agencies. Private forestry assets are owned by individual agricultural investors or corporations

The majority of growth in the level of new forestry plantations can be attributed to the growth in MIS, which accounted for 86% of the total new forestry plantations in 2006.

This increase in MIS has also increased the proportion of privately owned plantations, which increased from 53% in 2004 to 65% in 2006. The ownership structure of forestry plantations in 2006 is presented in the figure below.

Figure 6: Forestry plantation ownership (2006)



Source: DAFF, BRS

In 2006, the private sector contributed 94% of the total investment in new plantations.

4.2 Barriers to entry

The barriers to entry into the forestry plantation market are low, with the main barrier to entry being the significant cost of acquiring land suitable for tree cultivation. In recent years due to the increased demand for MIS projects, land prices have tended to rise, acting as a barrier to entry to some prospective new entrants. In addition, the length of time required before any return is gained from the forestry plantations can also act as a disincentive to investment in the forestry plantation industry.

4.3 Future expectations

We note the following future expectations for the forestry plantation industry:

- *rainfall forecast*: according to the Australian Bureau of Meteorology, the seasonal rainfall outlook for the early autumn to mid winter period indicates that there is 60% to 70% chance of exceeding median rainfall in eastern Queensland and New South Wales during the calendar year 2008. For the rest of Australia, the Australian Bureau of Meteorology estimates that rainfall will be variable during the calendar year 2008
- *woodchip prices:* we note that the benchmark price for certified plantation grown hardwood woodchip from Albany, Australia for sale in Japan has been negotiated at a rate 10% higher than 2007. This may increase the revenue of companies operating in this sector
- *carbon credits*: the introduction of tradable carbon credits may have an effect on the demand for forestry plantations with a number of new participants expected to invest in forestry plantations in Australia to gain carbon credits to offset their greenhouse gas emissions

- *taxation*: future growth in the forestry plantation industry may be affected by any adverse changes in the tax legislation governing the right of investors to claim a tax deduction for the costs incurred under MIS. These deductions include plantation establishment, maintenance and management costs
- *land value increments*: in the recent past, the increased demand for rural property has led to sharp increases in land values. This demand is expected to continue in the medium term. Some of the key factors responsible for the historical increases were shortages in the supply of arable or semi-arable land, demand for agriculture products increasing due to population growth and the growing affluence of developing countries, strong commodity prices, readily available finances, a strong economy, and comparative investment return. In addition, the rise in the price of soft commodities like wheat, barley and cotton may increase the demand for and hence the value of, agricultural properties.

5 Profile of WST

5.1 Overview

WST was established in 2001 and listed on the ASX in 2003. WST's operations relate to the ownership of tourism, hospitality and commercial/ retail property assets. WST's previous assets consisted of investments in hotel property syndicates and a retail/office complex. Due to the underperformance of these assets, WST announced a change in its strategic direction to an agricultural land trust, and has since sold down its previous property holdings.

Due to this change in business direction, we have not provided a detailed overview of WST, however, the following sections provide a brief summary.

5.2 Company history

A brief overview of WST's operating history, since listing in 2003, is provided in Figure 7 below.

Figure 7: WST's operating history

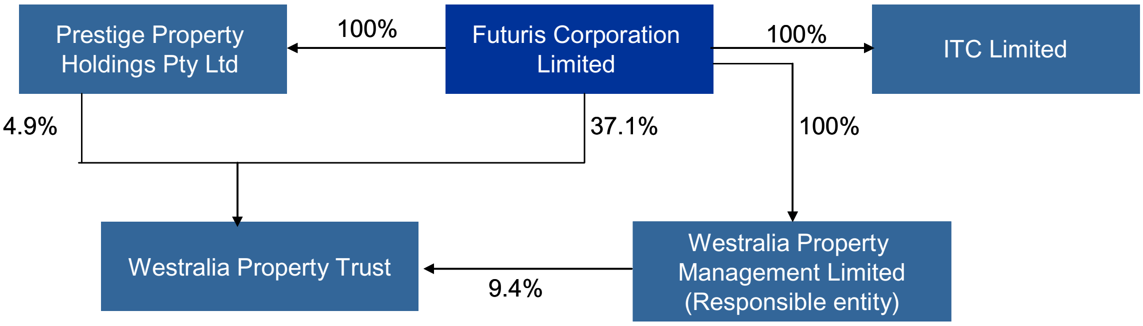
2003	• initial public offering of approximately 18.8 million units at $0.92 • opening of Kalgoorlie Broadwater Hotel & Apartments
2004	• secondary capital raising of $35 million at $0.72 • fully subscribed rights issue of $2 million at $0.72 • purchase of city central property at 166 Murray Street, Perth
2005	• Futuris became the new owner of WST's responsible entity Westralia Property Management Limited (formerly Kareelya Investments Limited) • distributions temporarily suspended
2007	• sale of the Murray Street Mall, Perth • sale of the Kalgoorlie Broadwater Hotel & Apartments • change in business direction announced, from tourism, hospitality and commercial/ retail property assets to rural property assets • sale of Broadwater Resort & Spa - Dunsborough by the Dunsborough Hotel Property Syndicate of which WST owned 51% • distribution of $0.097 paid due to the significant taxable capital gain on sale of Murray Street Mall, Perth
2008	• contract for the sale of WST's interest in the Broadwater Pagoda Hotel & Apartments.

Source: WST

5.3 Legal structure

Figure 8 below sets out a simplified group structure for WST including its related entities.

Figure 8: WST's legal structure



Source: WST and Deloitte analysis

We provide a brief description of each of the above entities below:

- *Futuris*: an ASX listed company with a market capitalisation of approximately $1.6 billion as at 23 April 2008, and has over 6,000 employees. Futuris operates through four divisions: rural and agriculture services, forestry, automotive components, and property and investment. The majority of Futuris' revenue is derived from rural and agriculture services and its interest in Elders Limited, Australian Agricultural Company Limited, ITC and Webster Limited. In 2007, Futuris generated approximately $2.8 billion in revenue from these services
- *ITC*: refer to Section 3.1 for an overview of ITC
- *Westralia Property Management Limited*: the Responsible Entity of WST
- *Prestige Property Holdings Pty Ltd:* a wholly owned subsidiary of Futuris, acquired an interest in WST from Kareelya Investments Limited in 2005.

As discussed in Section 5.6, the majority of WST's Unit Holders (51.4%) are related entities to Futuris.

5.4 Financial performance

The audited profit and loss statements of WST for the periods ended 30 June 2005 to 30 June 2007 are summarised in the table below.

Table 6: Financial performance

	June 2005 audited ($'000)	June 2006 audited ($'000)	June 2007 audited ($'000)
Property revenue	7,838	8,189	6,233
Revaluation increments	-	-	930
Other revenues	156	-	-
Total revenues	**7,994**	**8,189**	**7,163**
Revenue growth (%)	*n/a*	*2.4%*	*(12.5)%*
Property costs	(2,078)	(2,383)	(3,456)
Gross margin	**5,916**	**5,806**	**3,707**
Gross margin (%)	*74.0%*	*70.9%*	*51.8%*
Revaluation decrements	(4,313)	(2,716)	-
Other operating expenses	(1,115)	(1,538)	(1,827)
EBITDA	**488**	**1,552**	**1,880**
EBITDA margin (%)	*6.1%*	*19.0%*	*26.2%*
Depreciation	-	-	-
EBIT	**448**	**1,552**	**1,880**
EBIT margin (%)	*6.1%*	*19.0%*	*26.2%*
Net interest expense	4,266	4,601	2,258
Net profit (loss) before minority interests	(3,778)	(3,049)	(378)
Net profit (loss) attributable to Unit Holders	**(1,068)**	**(1,090)**	**228**
Net profit (loss) margin (%)	*(13.6)%*	*(13.3)%*	*6.7%*

Source: WST annual reports

Note:

1. n/a = not available
2. EBITDA = earnings before interest, tax, depreciation and amortisation
3. EBIT = earnings before interest and tax

We note the following in relation to WST's financial performance:

- WST's interim financial results for the six months ended 31 December 2007 have not been presented above, as WST carried on limited operations during this period and the financial results do not provide a meaningful comparison with prior years
- property revenue decreased to approximately $6.2 million in 2007 compared to approximately $7.8 million in 2005. The decline in property revenue was a result of declines in tourism, hospitality and commercial/ retail property asset revenue due to asset sales during 2007. Commercial property revenue decreased to $4.1 million in 2007, from $6.5 million in 2006

- WST has recorded a net loss or marginal net profit attributable to Unit Holders over the previous two financial years (2006 and 2007) and the six months ended 31 December 2007. WST management has advised that these losses are likely a combination of declining revenues, downward asset revaluations and relatively high funding costs.

5.5 Financial position

The audited balance sheets of WST as at 30 June 2007 and 31 December 2007 are presented below. We note that due to a change in WST's business direction in 2007 we do not consider prior year balance sheets are representative of WST as at the date of this report.

Table 7: Financial position

	June 2007 audited ($'000)	December 2007 reviewed ($'000)
Current assets		
Cash	28,473	35,879
Trade debtors	464	362
Investment properties held for sale	33,179	10,679
Total current assets	**62,116**	**46,920**
Non-current assets		
Other financial assets	187	187
Total non-current assets	**187**	**187**
Total assets	**62,303**	**47,107**
Current liabilities		
Distributions payable	6,589	-
Other payables	2,525	1,662
Total current liabilities	**9,114**	**1,662**
Non-current liabilities		
Interest bearing loans	16,587	7,080
Total non-current liabilities	**16,587**	**7,080**
Total liabilities	**25,701**	**8,742**
Net assets	**36,602**	**38,365**
Equity		
Unit holder interest liabilities	33,036	38,030
Minority interest liabilities	3,566	335
Total equity	**36,602**	**38,365**
Unit price / net tangible assets	**83.8%**	**71.1%**

Source: WST annual and interim reports

We note the following in relation to the above financial positions of WST:

- WST's high cash balance as a proportion of net assets relates to the residual cash received on the divestment of certain property assets including its retail / office complex at Murray Street Mall, Perth

- WST management has advised that as at 31 December 2007, it still held a 15% interest in the Broadwater Bussleton property syndicate. This syndicate has been written down to its estimated recoverable amount of $187,000 in WST's accounts
- investment properties held for sale represent the remaining tourism, hospitality and commercial/ retail property assets still to be divested. We note that as at the date of this report, sale agreements had been executed in respect of all remaining assets
- due to the underperformance of WST's tourism, hospitality and commercial/ retail property portfolio, Unit Holders have not received a distribution from WST during the period from April 2005 to October 2007. In November 2007 a distribution was required to be made due to taxable capital gains made on the sale of WST's commercial/ retail property as Murray Street, Perth. No distributions have been paid subsequent to November 2007
- interest bearing loans predominately represent secured bank facilities over the assets of the respective hotel syndicates.

5.6 Capital structure and Unit Holders

The following table summarises the major Unit Holders of WST as at the date of this report.

Table 8: WST's significant Unit Holders

	Number of units ('000)	Percentage of total issued units (%)
Related Unit Holders		
Futuris Administration Pty Ltd	31,206	37.1%
Westralia Property Management Pty Ltd	7,922	9.4%
Prestige Property Holdings Pty Ltd	4,127	4.9%
Subtotal related Unit Holders	**43,255**	**51.4%**
Other Unit Holders		
Emerald Nominees (WA) Pty Ltd	15,125	18.0%
Emerald Securities Pty Ltd	6,072	7.2%
HSBC Custody Nominees (Australia) Limited	2,385	2.8%
Other	17,279	20.5%
Total	**84,114**	**100%**

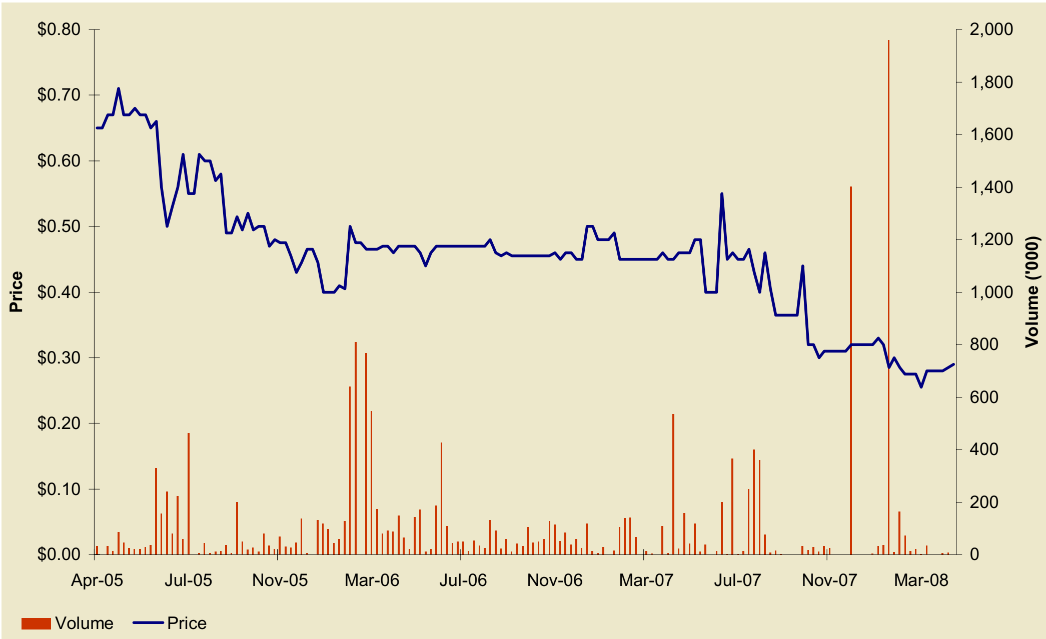
Source: WST

As at the date of this report, WST had approximately 84.1 million units on issue. Of these units on issue, the majority of WST's Unit Holders (51.4%) are related entities to Futuris.

5.7 Unit price performance

A summary of WST's recent unit price performance from 1 April 2005 to 23 April 2008 is provided in the figure below.

Figure 9: WST's unit price performance



Source: Bloomberg

We note that WST's units were thinly traded during 2006 and 2007. In October 2007, WST's trading volume increased significantly. Management has not been able to provide any explanation for this increased trading volume.

5.8 Distribution history

We summarise below the historical annual distribution and implied yields for Unit Holders for the years ended 30 June 2005 to 30 June 2007 and the six months ended 31 December 2007.

Table 9: Historical annual distribution yields

	Actual 2005 ($)	Actual 2006 ($)	Actual 2007 ($)	Actual Dec 2007 ($)
Distribution ($/unit)	0.045	-	-	0.097
Closing price ($/unit)	0.51	0.47	0.45	0.31
Distribution yield (%)	8.73	-	-	31.29

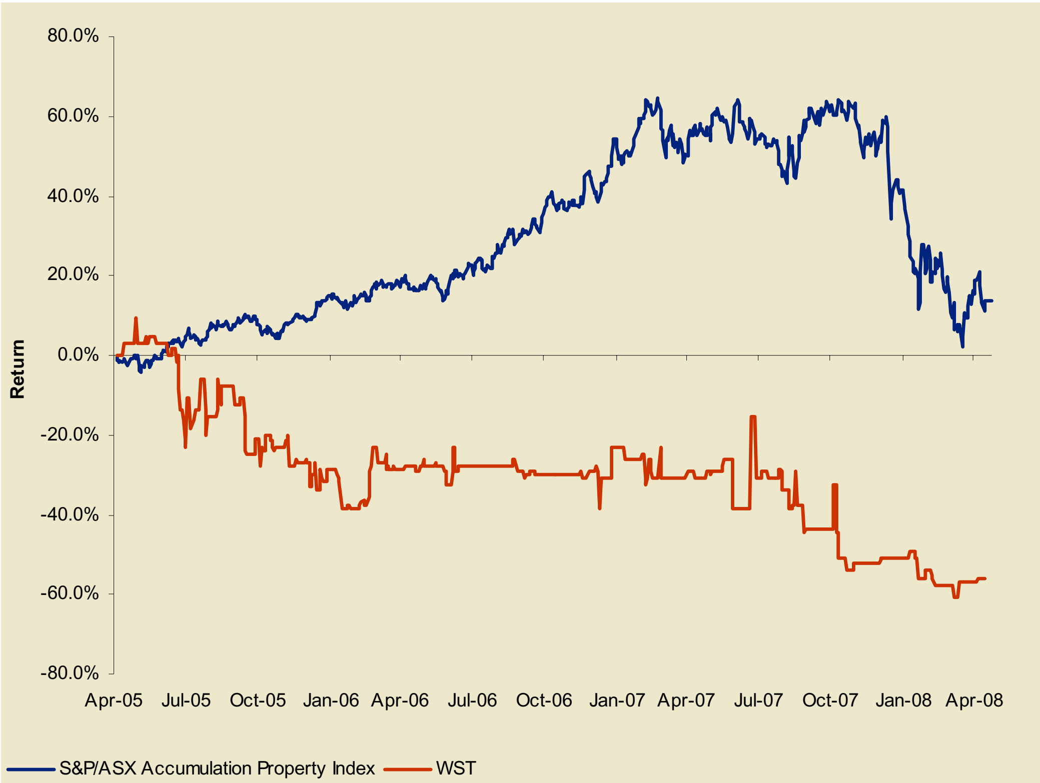
Source: Bloomberg and Deloitte analysis

Due to the underperformance of WST's tourism, hospitality and commercial/ retail property portfolio, Unit Holders have not received a distribution from WST during the period from April 2005 to October 2007. In November 2007 a distribution was required to be made due to taxable capital gains made on the sale of WST's commercial/ retail property as Murray Street, Perth. No distributions have been paid subsequent to November 2007.

5.9 Market performance comparison

The figure below shows the relative performance of WST compared to that of the Standard and Poor's (S&P)/ASX Accumulation Property Index over the period from 1 April 2005 to 23 April 2008.

Figure 10: Relative performance of WST compared to the S&P/ASX Accumulation Property Index



Source: Bloomberg

The above figure indicates that WST has consistently underperformed the S&P/ASX Accumulation Property Index over the time period presented above.

6 Valuation analysis

6.1 Valuation of the Assets

6.1.1 Overview

Due to the specialised nature of the Assets being valued, WST engaged Colliers to estimate the fair market value of the Assets. While we did not directly control the scope of the valuation undertaken by Colliers, we have reviewed the terms of Colliers' engagement and consider the scope of Colliers' engagement to be consistent with the requirements of Regulatory Guide 112 and the use of specialists.

We have also obtained Colliers written consent to refer to the Colliers Report in this independent expert's report.

The Colliers Report applied the following valuation techniques in assessing market value:

- the direct comparison and summation approach (which Colliers refer to as the greenfields value)
- the income approach (which Colliers refer to as the leased investment value).

The Colliers Report defines market value as *"the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without comparison."* We consider this definition of market value to be consistent with the definition of fair market value noted in RG111.

In undertaking its valuation, Colliers conducted site visits, held discussions with WST and ITC management and undertook an assessment of the market value of the Assets.

Based on the above, Colliers has estimated the total market value of the Assets to be in the range from $87.88 million (based on the greenfields value) to $90.355 million (based on the discounted cash flow method.) The overall consideration is based on the leased investment value of $90.25 million.

We summarise below the valuation methodologies utilised by Colliers in assessing the market value of the Assets and the key assumptions adopted in their valuation. The Colliers Report's executive summary attached as Appendix 2 to this report.

6.1.2 Direct comparison and summation approach assumptions

We note the following in relation to the direct comparison and summation approach applied by Colliers:

- the Colliers Report states *"(the) Greenfields value is the underlying value of the land and fixed improvements assuming the land either currently, or proposed to be developed to timberlands during the term of the lease (as applicable) is in a cleared state, but not internally fenced or set up for livestock watering. A cleared state for the purposes of this report refers to the land being free of stumps and forest debris, with any mounded areas made level to a point where pasture would be able to be established in line with common agricultural practices adopted within the region in which the land is located"*

- Collier's estimate of the market value of the Assets under the direct comparison and summation approach has been based on market evidence, to which Colliers have then added a value for structural improvements (if applicable), which they then refer to as an overall 'improved' rate. The overall improved rate has then been compared with market transactions
- the Colliers Report states *"our greenfields assessment acknowledges the suitability of the properties for tree farming (a probable highest and best use), however we have assessed the land and fixed improvements assuming the plantation land is in a cleared and pastured state"*
- the value per hectare applied by Colliers is in the range from $835 to $8,905, with an average of $3,980 (Victoria: $6,027; Western Australia: $3,747; and Queensland: $3,474). These average values per hectare are consistent with our understanding of the prices paid to acquire land in these areas and do not appear unreasonable.

6.1.3 Income approach assumptions

We note the following in relation to the income approach (including the reversionary yield, initial yield and discounted cash flow approaches below) applied by Colliers:

- the Colliers Report states *"in determining the current market value of the property on an encumbered (leased) basis we have examined the available market evidence together with alternative forms of investment and applied this analysis to both the traditional and capitalisation approach (reversionary and initial yield basis) and the discounted cash flow approach."*

Reversionary yield

- the reversionary yield approach involves the capitalisation of a market rent at a reversionary yield (i.e. market rent divided by a market yield), as discussed below
- Colliers imputed a market rent for the Assets and applied an appropriate reversionary yield
- the Colliers Report concluded the imputed market rent to be $7.5 million per annum, based on the draft lease agreement dated 22 April 2008
- Colliers adopted a reversionary yield of 8.5%. This is consistent with the research presented in the Colliers Report on appropriate comparable market yields. The Colliers Report states that *"taking into consideration the financial robustness (with guarantee) of the proposed tenant, the passing rental and the class of asset, we are of the opinion that an investor would require a market yield of between 7% and 9.5%."* We note that these market yields are comparable to Timbercorp Primary Infrastructure Fund[1], which received an implied yield of approximately 8.6% on its investment properties in 2007 and The Ark Fund Limited[2], which is expected to receive a yield of 10% on its investment properties going forward
- Colliers noted that the actual rent was higher than the imputed market rent, and have therefore added this rental premium in their estimated reversionary yield value.

---

[1] Timbercorp Primary Infrastructure Fund is an agricultural property and associated infrastructure fund underpinned by long term leases to Timbercorp Limited. It currently owns citrus and almond properties with a total value of approximately $166.2 million.

[2] The Ark Fund Limited is an agricultural property investment company that invests in agricultural property which are leased Rewards Group Ltd. The Ark Fund Limited's agricultural property is currently used for Teak and Sandalwood tree plantations.

Initial yield

- the initial yield approach involves the capitalisation of the actual passing rent at an implied initial yield (i.e. passing rent dividend by the passing yield on a vacant possession basis)
- Colliers applied an appropriate yield to the actual passing rent for the Assets and applied an appropriate initial yield
- Colliers noted *"it is our opinion that the passing rent of $7,864,593 which equates to 8.95% of the vacant possession value is slightly in excess of but within reasonable market parameters"*[3]
- given the above observations, Colliers adopted an initial yield 20 basis points less than the passing rent of 8.75%
- the Colliers Report states *"our rationale is that the market will recognize the rental average and price this into the yield, although the initial variation on an annual basis at approximately $395,000 is just under half of one percent of the Greenfield value."*

Discounted cash flow

- the discounted cash flow approach involves estimating the market value of the Assets by discounting the Assets' associated cash flows to a net present value
- Colliers discounted the net income of the individual properties over the lease term on a quarterly basis together with the terminal value of the properties at the end of the lease term, net of any associated selling costs at the expiry of the lease term
- Colliers adopted the following discount rates:
  - 9.5% for properties with a lease term up to six years
  - above 10% for properties with a lease term of greater than 10 years
- the above discount rates are consistent with the research presented in the Colliers Report on appropriate comparable returns. The Colliers Report notes *"our rationale in varying the discount rate is based on the fact that the prediction of variables associated with a cash flow is more difficult and therefore more risky, the longer the term of the cash flow."*
- no lease renewals or incremental properties have been included in the cash flows
- disposal costs are included at 2.65% of the terminal value.

6.1.4 Conclusion on assumptions

Based on our analysis and discussion outlined above, we have concluded that:

- Colliers appear to be independent from WST
- the Colliers Report was prepared by professionals who have sufficient qualifications and competence to provide an informed opinion of the fair market value of the Assets
- the valuation methods used are not inappropriate and appear to have been correctly applied to estimate the fair market value of the Assets

[3] Passing rent of $7,864,593 represents 8.95% of the value assessed using the greenfields methodology of $87.88 million.

- based on our discussions with WST management and our analysis of the expected industry and economic growth drivers, the assumptions incorporated in the Colliers Report do not appear unreasonable or inappropriate for the purpose of estimating the fair market values of the Assets
- Colliers have confirmed that they are not aware of any significant changes to either the market or the Assets that have occurred since the date of the Colliers Report that would materially impact the fair market value of the Assets.

6.2 Conclusion

Colliers has estimated that the total fair market value of the Assets is in the range from $87.88 million to $90.355 million. The following table summarises the range of market values Colliers has attributed to each of the individual properties.

Table 10: Valuation summary

Property	Land area (hectares)	Rate ($ per hectare)	Discount rate (%)	Greenfields value ($'000)	Discounted cash flow ($'000)
Victoria					
Donibristle Tree Farm	690.78	6,399	9.50	4,420	4,500
Merrivale Tree Farm	286.34	6,688	9.50	1,920	2,550
Waratana Tree Farm	385.50	6,526	9.50	2,520	3,025
Plummer Tree Farm	320.64	3,481	9.50	1,120	1,150
Tahara Tree Farm	214.54	3,600	9.50	770	1,650
Lanark Tree Farm	461.21	6,606	9.50	3,050	1,950
Poolajelo Tree Farm	238.20	6,828	9.50	1,630	800
Sleatbank Tree Farm	455.88	6,522	9.50	2,970	3,100
Subtotal	***3053.09***			***18,400***	***18,725***
Average	**381.64**	**5,831**		**2,300**	**2,341**
Western Australia					
Gidget Tree Farm	1,017.63	4,152	9.50	4,225	4,300
Gunnamatta Tree Farm	1,296.53	4,628	9.50	6,000	6,100
Linkletters (North and South) Tree Farm[1]	8,937.27	3,636	10.25	32,500	33,500
Waycott Tree Farm	148.76	5,781	9.50	860	880
Wimbush Tree Farm	998.98	2,878	9.50	2,875	2,925
Subtotal	***12,399.17***			***46,460***	***47,705***
Average	**2,479.83**	**4,215**		**9,292**	**9,541**
Queensland					
Moundoba Tree Farm	1,616.68	2,548	10.25	4,120	4,275
Fishtail Tree Farm	912.26	3,574	10.50	8,000	8,300
Caravan Hill Tree Farm	616.50	8,905	10.50	6,900	7,200
Hillrise Tree Farm	3,481.60	835	10.25	4,000	4,150
Subtotal	***6,627.04***			***23,020***	***23,925***
Average	**1,656.76**	**3,965**		**5,755**	**5,981**
Total	**22,079.30**			**87,880**	**90,355**

Source: Colliers Report

In addition to the above, Colliers determined an array of values using the income approach, as a consequence, and has adopted a leased investment value for the Assets of $90.25 million, as summarised below.

Table 11: Valuation summary – leased investment value

Methodology	Value ($'000)
Initial yield	89,900
Reversionary yield	90,250
Discounted cash flow (rounded)	90,350
Adopted leased investment value	**90,250**

Source: Colliers Report

6.3 Other considerations

In addition to the above estimated market values for the Assets, WST may be required to pay stamp duty on the acquisition of the Assets.

We understand that the stamp duty rates applicable on the Assets are as follows:

- Victoria: 5.5% of the dutiable value
- Western Australia: $20,700 plus $5.40 per $100 or part thereof in excess of $500,000
- Queensland: $23,975 plus $4.50 for every $100 or part thereof in excess of $700,000.

Based on the above, we understand the potential stamp duty on the Assets to be in the region of approximately $4.5 million.

7 Evaluation and conclusion

7.1 Summary and conclusion

In our opinion the Proposed Transaction is fair and reasonable. In arriving at this opinion, we have had regard to the following factors.

Advantages of the Proposed Transaction

Proposed Transaction is fair

The consideration offered is based on the leased investment value of the Assets as determined by Colliers. Colliers have considered the value of the Assets on a number of alternative bases, and the consideration offered is within the range of Collier's estimated fair market values for the Assets. Set out in the table below is a comparison of the fair market value of the Assets with the consideration offered by WST.

Table 12: Comparison of the fair market value of the Assets with the consideration offered

	Low ($'000)	High ($'000)
Estimated fair market value of the Assets (Section 6.2)	87,880	90,355
Estimated fair market value of consideration offered (Section 1)	90,250	90,250

Source: Deloitte analysis

We note, however, that transaction costs (for example stamp duty) will be incurred as part of the Proposed Transaction which is consistent with general market practice. These transaction costs will increase the effective cost of the acquisition and slightly dilute any future returns on the Assets. We understand that the stamp duty obligations of the Proposed Transaction could be in the region of $4.5 million (refer to Section 6.3 for further detail).

The Assets have a number of characteristics which maybe perceived as beneficial

The following characteristics of the Assets maybe perceived as beneficial:

- the Australian forestry plantation industry has seen a CAGR of 10% per annum from 2002 to 2006 (as outlined in Section 4.1). Due to the demand for MIS projects, forestry plantations and the underlying land have held its value even in the evidence of drought
- the Assets are located in regions conducive to the development of forestry. In addition, the Colliers Report states *"all tree farms are located in areas recognised for reliable rainfall and productive soil profiles"*
- the Assets provide a diversified portfolio of agricultural land across different regions of Australia
- the location of the Assets combined with the remediation provisions in the proposed lease agreement with ITC allows the Assets to be utilised for alternative agricultural applications (other than forestry)
- the Colliers Report notes *"the portfolio contains first rotation land, with the Esperence (Western Australia) and Queensland sites containing young plantations (mainly 2006/2007 plantings and yet to be developed land)"*

- the current rise in the price of soft commodities (wheat, barley, cotton) and the resultant increased demand for agricultural properties.

Futuris' commitment to the Proposed Transaction

Unit Holders are expected to benefit from Futuris' commitment to the Proposed Transaction in particular:

- guaranteeing the payment of any outstanding lease payments to WST in the event that ITC defaults on its lease obligations to WST
- an exemption in relation to the responsible entity fees payable to Westralia Property Management Limited until 30 June 2010
- Futuris' extensive experience in the agricultural industry.

Opportunity to acquire rural property assets with secure tenants

WST has previously invested in tourism, hospitality and commercial/ retail property assets, which WST management has advised have consistently underperformed. As a result, WST has been progressively divesting these underperforming assets.

The Proposed Transaction provides WST with the opportunity to acquire rural property assets leased for a simple average term of 7.2 years and a weighted average term of 9.0 years. We note that this lease term is estimated as at the date of this report. The lease agreements also contain two renewal periods at the lessee's discretion for a minimum of 10 years and no more than 25 years. These lease agreements are to be entered into with an associated entity of ITC and are guaranteed by Futuris.

The above lease agreements are likely to provide WST with a secure and stable rental income over the medium term. In addition, the Colliers Report notes that the passing rent for each property determined under the draft lease agreement "*is slightly above comparable market rates.*"

Opportunity to establish WST as an agricultural land trust

In 2007, WST announced a restructuring strategy to Unit Holders, involving a substantial change in WST's asset base to an agricultural land trust.

The Proposed Transaction will provide WST with a portfolio of 17 properties across Victoria, Western Australia and Queensland, comprising approximately 22,080 hectares. This portfolio will establish WST as an agricultural land trust.

Ability to control 100% of the Assets

WST has historically invested in tourism, hospitality and commercial/ retail property assets through syndicates, which has not always provided WST with control of these assets.

WST will acquire 100% of the Assets from ITC. The Proposed Transaction will provide WST with absolute control of the Assets and the associated revenues and expenses, subject to the rights and obligations of the lessee.

Distributions

Due to the underperformance of WST's tourism, hospitality and commercial/ retail property portfolio, Unit Holders have not received a distribution from WST during the period from April 2005 to October 2007. In November 2007 a once off distribution was required to be made due to taxable capital gains made on the sale of WST's commercial/ retail property as Murray Street, Perth. No distributions have been paid subsequent to November 2007.

As a result of the proposed lease agreements with ITC, WST is expected to generate stable revenues over the lease term. This may enable WST to pay distributions to Unit Holders over the medium term, commencing from the second half of 2008..

Utilisation of surplus cash

Since announcing its restructuring strategy, WST has been in the process of divesting their tourism, hospitality and commercial/ retail property assets. These divestments have resulted in surplus cash of approximately $35.9 million (as at 31 December 2007) accumulating on WST's balance sheet. WST's current cash reserves are returning approximately 7.8% per annum.

WST proposes to acquire the Assets through a combination of existing cash and debt. Accordingly, the Proposed Transaction provides WST with the opportunity to utilise this surplus cash more effectively by investing in the Assets, which are likely to have stronger growth prospects and provide higher returns than cash.

Elimination of interest rate risk

WST's rent mechanism negotiated with ITC, as discussed in Section 3.3, reduces the risk associated with adverse interest rate movements.

As a result of the structure of the proposed lease agreement with ITC, Unit Holders are provided with the advantage of a secure margin over the lease term.

Discount to net tangible assets

Based on WST's current unit price of $0.29 as at 23 April 2008 WST's units trade at a discount to net tangible assets of approximately 37.5%.

In comparison to other property trusts, it appears that WST is trading on a relatively large discount to net tangible assets. The discount to net tangible assets may reduce post the Proposed Transaction depending on how the market views the Proposed Transaction.

Disadvantages of the Proposed Transaction

Change in business strategy of WST

The current Unit Holders of WST invested in a property trust comprising a portfolio of tourism, hospitality and commercial/ retail property assets. The Proposed Transaction will transform WST into an agricultural land trust investing in a portfolio of rural property assets. Certain Unit Holders may not wish to invest in a portfolio of rural property assets and, as a result, may sell their units.

High level of gearing

Post completion of the Proposed Transaction, WST's overall loan to asset value ratio will be in the region of 60% to 65%. We note that this loan to asset value ratio is comparable to Timbercorp Primary Infrastructure Fund Limited, which has a gearing level in the region of 60% to 70%.

Post completion of the Proposed Transaction, WST's interest coverage ratio is likely to reduce to approximately 1.60 times. It is, however, expected that WST's interest coverage ratio may increase over the medium term as WST reduces its gearing. Historically, WST's interest cover ratio has been negative due to the high interest rates charged on its borrowings, and the poor performance of its assets.

We note that WST's rent mechanisms minimised WST's exposure to interest rate risk post the Proposed Transaction (as discussed above),

Tax consequences

Acceptance of the Proposed Transaction may have tax consequences for Unit Holders. While we note that the tax implications for Unit Holders may vary depending on the circumstances of each Unit Holder, possible tax consequences for Unit Holders may include the following:

- WST has historically paid tax-deferred distributions. As a result of the Proposed Transaction and WST's change in strategic direction to an agricultural land trust, Unit Holders will not receive any distributions on a tax-deferred basis
- currently the demand for forestry plantations is driven by MIS and their associated tax rulings. The current tax ruling entitles investors in forestry MIS to an immediate upfront deduction for expenditure directly related to developing forestry plantations. Any modification to the current tax ruling on MIS could have an impact on the demand for and profitability of forestry plantations and thereby, potentially, the underlying land value.

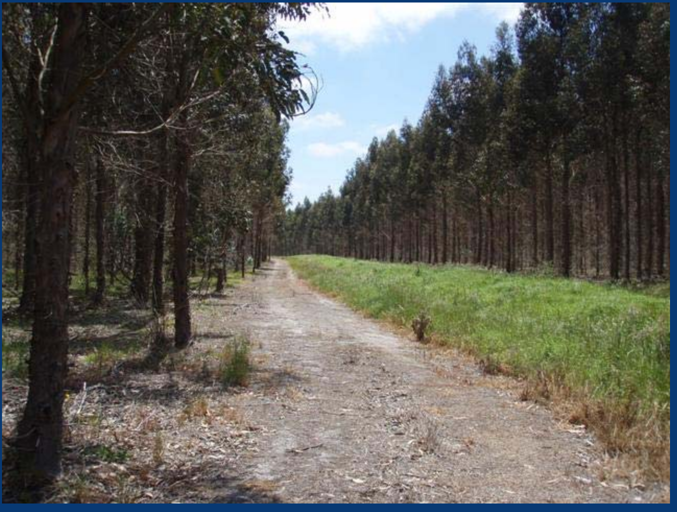
Appendix 1: Glossary

Reference	Definition
$	Australian dollars
ASIC	Australian Securities and Investments Commission
Assets, the	17 forestry plantation sites (located in Victoria, Western Australia and Queensland) comprising approximately 22,080 hectares
ASX	Australian Securities Exchange Limited
AUS	Australian Auditing Standards
BRS	Bureau of Rural Services
CAGR	Compound annual growth rate
Colliers	Colliers International Consultancy and Valuation Pty Limited
Colliers Report	The Colliers valuation report dated 1 January 2008
DAFF	Department of Agriculture, Fisheries and Forestry
Deloitte	Deloitte Corporate Finance Pty Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Explanatory Memorandum	Explanatory memorandum of the Proposed Transaction
FSG	Financial Services Guide
Futuris	Futuris Corporation Limited
IBIS	IBIS World Pty Ltd
Independent Director	the independent director of Westralia Property Management Limited
ITC	ITC Timberlands Pty Ltd, a part of the ITC Limited group of companies
Listing Rules, the	Listing Rules of the Australian Securities Exchange Limited
MIS	Managed Investment Schemes
n/a	Not available
Non-Associated Unit Holders	Non-associated unit holders of WST
Notice of Meeting, the	Notice of the meeting to approve the Proposed Transaction
Proposed Transaction, the	WST proposal to acquire 17 forestry plantation sites comprising 22,080 hectares from ITC, for a purchase price of $90.25 million
RG111	Regulatory Guide 111
S&P	Standard and Poor's
Unit Holders	Unit holders of WST
WST	Westralia Property Trust

Appendix 2: The Colliers Report's executive summary

Valuation Report

ITC Tree Farm Portfolio



Under Instructions From

Westralia Property Management Limited

1 January 2008

Ref: VADEL2519-2521

Colliers International Consultancy and
Valuation Pty Limited
ABN 88 076 848 112
Level 10, 99 Gawler Place, Adelaide
SA 5000
Ph: 61 8 8305 8888 Fax: 61 8 8231 7712

EXECUTIVE SUMMARY

PORTFOLIO COMPOSITION:

The ITC tree farm portfolio comprises a total of 17 plantation sites of which eight are located in the Green Triangle region of South Western Victoria, four are in the Albany region of South West Western Australia, one is in the Condingup district, east of Esperance (also Western Australia), and four are in Queensland (Mid and Far North Qld).

The ITC portfolio totals approximately 22,080 hectares of which 3,054 hectares is in the Green Triangle, 12,399 hectares is in WA and 6,627 hectares is in Queensland. The portfolio contains first rotation land, with the Esperance (WA) and Queensland sites containing young plantations (mainly 2006/2007 plantings and yet to be developed land).

All tree farms are in areas recognised for reliable rainfall and productive soil profiles. Of the total plantation sites, 13 (all Green Triangle and Western Australia tree farms) are used for the cultivation of Tasmanian Blue Gum (Eucalyptus Globulus) for pulp production. The Queensland sites are earmarked for Mahogany and Eucalyptus Grandis x Camaldulensis plantations, and all are under the management of the Integrated Tree Cropping group.

The plantations are generally well serviced by appropriate road networks although typically roading expenditure will not be substantially undertaken until closer to harvesting. Average proximity to the main port terminals of Portland (Victorian plantations), Albany and Esperance (WA) and Gladstone, Mackay and Mourilyan Harbour (Queensland) are considered a key feature of the portfolio.

Tables summarising the locations of the plantations and their respective site areas are set out on page 11.

INSTRUCTING PARTY:

Mr Ian Wigg
Chief Operating Officer
Westralia Property Management Limited
Level 6, 27 Currie Street
Adelaide SA 5000

PURPOSE OF REPORT: Acquisition Purposes and Mortgage Security Purposes only

DATE OF INSPECTION: Various dates in November 2007 (Qld, WA & Vic) and January 2008 (additional Qld)

DATE OF VALUATION: **1 January 2008 assuming no material change in the properties has occurred in the time lapse between inspections and date of valuation.**

INTEREST VALUED:

1. Market value of the assets on a lease back basis to ITC assuming draft lease provisions provided are in place (Acquisition Purposes).

2. Land and fixed building improvements only, on a green field site basis ignoring plantations and any encumbrances (Mortgage Security).

3. Estimated cost of remediation of plantation sites (Mortgage Security).

BASIS OF VALUATION: **For acquisition purposes**, the ***market value*** of the assets have been assessed on a leased investment basis as at the date of valuation.

It is the opinion of the valuer that a continued forestry use is a reasonable and probable highest and best use in the prevailing market, although we acknowledge that the properties all have foreseeable alternative uses by virtue of their soil profile and reliable rainfall attributes.

Our assessment specifically does not take into account the value of the forest estate the valuation of which is a specialised task beyond the skill of the valuer.

CICV understands that results of this valuation will be included in an independent expert report prepared by Deloitte Australia. We understand that this independent expert's report will be used to assist the Westralia Property Trust's unit holders in their evaluation of the proposed Westralia/ITC sale and leaseback transaction. It must be noted that CICV accepts no liability for the comments made in the Independent Expert's report.

We have assessed values for the property assets using a market based direct comparison approach having regard to available market evidence. We have considered each asset individually as a separately saleable asset, and the aggregated values constitute a gross realisation. We have not had regard to any single transaction premium or discount potentially associated with a portfolio, or in one line transaction. It is probable that such a premium or discount would reflect future cash flows associated with the timber resources which in this instance are not being acquired. Such scale related benefits may chiefly relate to diversification of risk by way of improved spread of cash flow timing (harvestable age), reduced cash flow risk of fire and storm loss, offset of underperforming areas, and other such matters.

For First Mortgage Security Purposes, we have determined the green field value estimate for the individual properties, again in the form of a gross realisation and not on an "in one line" basis. The market value is based on the previously described definition of market value and on the definition of green field contained in this report. From a mortgage security perspective, our report is for use only by **Westpac Banking Corporation, National Australia Bank Limited and ANZ Banking Group Limited.**

VALUATION METHODOLOGY:	The primary valuation technique applied in assessing market value for mortgage security purposes (and acquisition purposes) in this instance is the direct comparison method. This market based approach has been utilised in order to determine the likely value of the land and fixed improvements on a greenfields basis (refer definition in Section 3 Assumptions and Qualifications). As the properties are being purchased on a sale and lease back basis we have carried out analysis under the income approach, using the determined greenfields value plus acquisition costs as the commencement value, with rent assessed using the formula set out in the proposed lease. In the case of the income approach, an appropriate yield and discount rate has been determined having regard to such factors as quality and security of the underlying asset, level of rent, lease terms and strength of covenants, financial standing of the tenant, and other such matters considered likely to have a bearing on certainty of income and returns generated.
KEY ASSUMPTIONS:	In preparing our valuation we have made a number of critical assumptions which impact on value including: • Accuracy of soil and property data provided; • Limitation of inspections; • Site contamination; • Impact of charges and other instruments over the land; • Proposed terms of lease; • Remediation cost estimates; and • Growth variables including CPI and bank bill swap rate movement over time. They are detailed throughout our report and are summarised within Section 3 and 6.
PORTFOLIO PASSING YIELD	8.95% (based on greenfield value) or 8.71% (based on leased investment value)
PORTFOLIO MARKET YIELD	8.50% (based on Greenfield value) or 8.28% (based on leased investment value)
PORTFOLIO INTERNAL RATE OF RETURN	10.12%
WEIGHTED AVERAGE LEASE TERM	9.63 years

VALUATION SUMMARY:

<u>MARKET VALUE FOR ACQUISITION PURPOSES</u>

LEASED INVESTMENT VALUE OF PORTFOLIO (GROSS REALISATION)
$90,250,000 GST Exclusive
(NINETY MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS)

<u>MARKET VALUES FOR FIRST MORTGAGE SECURITY PURPOSES</u>

GREENFIELD VALUE OF PORTFOLIO (GROSS REALISATION)
$87,880,000 GST EXCLUSIVE
(EIGHTY SEVEN MILLION EIGHT HUNDRED AND EIGHTY THOUSAND DOLLARS)

ESTIMATED COST TO REMEDIATE BEING THE PRESENT VALUE OF REMEDIATION COSTS AT LEASE TERMINATION ASSUMING FULLY ESTABLISHED PLANTATIONS
$6,400,000 GST Exclusive
(SIX MILLION FOUR HUNDRED THOUSAND DOLLARS)

<u>PLEASE NOTE THE FOLLOWING</u>:

The estimated remediation costs are a guide only based on advised costs from contractors and other research.

For a break-up of the plantation values we refer the reader to Section 9.7 of the within report (summary table) or the individual assessments at the rear of this report.

VALUER: **Colliers International Consultancy and Valuation Pty Limited ("CICV")**

Alex Thamm, AAPI
Certified Practising Valuer
B Bus Prop (Val), WA Licence 44221

Angus Barrington-Case, AAPI
Certified Practising Valuer
B Bus Prop (Val), Licensed Valuer QLD No 2904

Nicholas Cranna, GAPI
B Bus (Prop) Val
23 April 2008 (Date of Signing Report)

This Executive Summary forms part of a full valuation report incorporating assessments of individual assets within a portfolio. All valuation reports must be read in conjunction and can only be relied upon when considered collectively, in their entirety, and for the purposes specified therein.

Appendix 3: Sources of information

In preparing this report we have had access to the following principal sources of information:

- the Colliers Report
- WST annual reports for the years ending 2006 and 2007
- WST interim financial reports for the six months ending 31 December 2007
- WST financial model 'IW Model 12 Growth 4% BBSW 7 3% (2).xls', dated 17 March 2008
- WST draft lease agreement, version 12, dated 22 April 2008
- WST company announcements
- annual reports for companies comparable to WST including: The Ark Fund Limited and Timbercorp Primary Infrastructure Fund Limited
- DAFF and BRS websites
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Bloomberg Financial markets, SDC Platinum and Mergerstat
- IBIS company and industry reports
- other publicly available information, media releases and brokers reports on WST and the forestry plantation industry.

In addition, we have had discussions and correspondence with certain directors and executives, including Ian Wigg, Company Secretary in relation to the above information and to WST's current operations and prospects.

Appendix 4: Qualifications, declarations and consents

This report has been prepared at the request of the Independent Director of Westralia Property Management Limited, as the responsible entity of WST, and is to be included in the Explanatory Memorandum to be given to Unit Holders for approval of the Proposed Transaction in accordance with ASX Listing Rule 10.1. Accordingly, it has been prepared only for the benefit of the Independent Director and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. We are not responsible to you, or any one else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction.

The report represents solely the expression of Deloitte of its opinion as to whether the Proposed Transaction is fair and reasonable in accordance with to Chapter 10 of the ASX Listing Rules.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the completeness of the information provided by WST and its officers, employees, agents or advisors which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to WST management for confirmation of factual accuracy.

In recognition that Deloitte may rely on information provided by WST and its officers, employees, agents or advisors, Westralia Property Management Limited has agreed that it will not make any claim against Deloitte to recover any loss or damage which Westralia Property Management Limited or WST may suffer as a result of that reliance and that it will indemnify Deloitte against any liability that arises out of either Deloitte's reliance on the information provided by WST and its officers, employees, agents or advisors or the failure by WST and its officers, employees, agents or advisors to provide Deloitte with any material information relating to the Proposed Transaction. Deloitte also relied on the property valuation report prepared by Colliers. Deloitte has received consent from Colliers for reliance on their reports in the preparation of this report.

Deloitte holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report were David Hill, Director, B.Com, CA, MBA, Partner; Hamish Blair, Director, B.Com (Hons), M.Com, CA, F.Fin, Partner; Stephen Adams, Associate Director, BEc, ASIA, F Fin and Renee Daus, Client Manager, B.Com, CA. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of $50,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

(2) Deed of Amendment of Constitution

Deed of Amendment

Westralia Property Management Limited
Westralia Property Trust

Table of contents

This Deed is a Deed Poll dated

By

Westralia Property Management Limited ACN 072 899 090 of Level 9, 121 King William Street, Adelaide **(Responsible Entity)**

Background

A The Responsible Entity is the responsible entity of the Westralia Property Trust (**Trust**) which is a managed investment scheme. The trust has been registered pursuant to the Corporations Act, and its ARSN is 096 588 046.

B By a constitution dated 7 May 2001 the Responsible Entity established the Trust. That constitution was replaced by a replacement constitution dated 18 December 2002 and has since been varied by supplementary constitutions dated 17 January 2003, 24 May 2004, third replacement constitution dated 19 July 2004, a supplementary constitution dated 4 February 2005 and a supplementary constitution dated 15 October 2007.

C Collectively the original constitution, together with its replacement and supplementary documents is referred to as the Constitution in this Deed.

D This Deed has been prepared to further amend the Constitution.

E This Deed will be lodged with ASIC pursuant to section 601GC of the Corporations Act. This Deed will take effect from the time of lodgement.

F These amendments have been made by the Responsible Entity pursuant to the approval of Unit Holders under section 601GC(1)(a) of the Corporations Act.

G The terms of this Deed follow.

1 Definitions and interpretation

Definitions

1.1 Schedules 1 and 2 of the Constitution apply to this Deed unless otherwise specified or the context requires another meaning or interpretation to be applied.

Interpretation

1.2 In this document, unless the context otherwise requires:

1.2.1 a reference to any law or legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision;

1.2.2 a reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time;

1.2.3 a reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this document unless otherwise stated;

1.2.4 an expression importing a natural person includes any company, trust, partnership, joint venture, association, corporation, body corporate or governmental agency;

1.2.5 a reference to a business day means a day on which all banks are open for business generally in;

1.2.6 the day on which any act, matter or thing is to be done under this document is not a business day, that act, matter or thing may be done on the next business day;

1.2.7 a covenant or agreement on the part of two or more persons binds them jointly and severally; and

1.2.8 the schedules and attachments form part of this document.

2 Confirmation of terms of the Constitution

2.1 This Deed amends the Constitution and is binding on:

2.1.1 all Unit Holders (as they are constituted from time to time); and

2.1.2 the Responsible Entity.

2.2 The Responsible Entity confirms the terms of the Constitution, except to the extent those terms are amended by this Deed.

3 Operative provisions

3.1 Change of name of Trust

Pursuant to clause 3.1 of the Constitution, the name of the Trust is changed to ‘Agricultural Land Trust’.

3.2 Amend clause 3.1

Amend clause 3.1 by deleting the words ‘Westralia Property Trust’ and replacing them with ‘Agricultural Land Trust’.

3.3 Amend clause 4.2(b)(iv)

Amend clause 4.2(b)(iv) by replacing the number ‘10’ with the number ‘15’.

3.4 Amend clause 4.2(d)

Amend clause 4.2(d) by inserting the words 'on a date no more than 20 days before the date of the offer' after the words 'Unit Holders' where those words are first used in that clause.

3.5 Amend clause 4.2(h)

Amend the paragraph immediately following clause 4.2(h)(v) by inserting the words 'outside Australia and New Zealand' and after the words 'whose address is'.

3.6 Delete and replace clauses 11.2, 11.3 and 11.5 – 11.10

Delete clauses 11.2, 11.3 and 11.5 – 11.10 and replace with the following:

'**11.2 Distribution of Income**

The Income arising in each Distribution Period will be dealt with no later than the end of the Distribution Period as follows:

(a) the Responsible Entity will pay out from the Income all costs, disbursements, commissions, fees, to the extent it can, taxes (including without limitation land tax, income tax and goods and services tax), its remuneration under clause 10 and other proper outgoings in respect of the investments and administration of the Fund;

(b) the Responsible Entity will determine the amount (if any) of the Net Income that will be applied and retained in the Fund to recoup any losses of the Fund in any prior Distribution Period (or any part) which will be applied and dealt with in the books of account of the Fund in accordance with such determination;

(c) the Responsible Entity will set aside out of the Net Income the amount (if any) to be retained in the Fund, as the Responsible Entity considers proper, as reserves to meet contingencies, provide for repairs, or maintenance, or for depreciation or for any other purpose;

(d) the Responsible Entity will determine the amount (if any) of the Net Income, in whole or in part, which will be:

(i) retained in the Fund and accumulated; and

(ii) credited to an account for these retained amounts;

(e) the Net Income less the sums retained, applied or set aside together with any other amount comprising the Distributable Income will be distributed or applied by the Responsible Entity to or for such persons who at midnight on the last day of the relevant Distribution Period (or at such earlier record date as determined in accordance with the Listing Rules) were Unit Holders entitled to receive Income in proportion to the Units registered in their respective names and such Unit Holders will be presently entitled to their respective proportions of the Distributable Income.

11.3 Accumulated Income Account

The following provisions will apply in relation to the amount of the Accumulated Income retained and accumulated under the provisions of this document and credited to the Accumulated Income Account:

(a) such Accumulated Income will, subject to the provisions of this document governing capital, at the discretion of the Responsible Entity be distributed in accordance with this document or held and accumulated as part of the Fund;

(b) such Accumulated Income will be invested by the Responsible Entity in any of the investments authorised by this document or by law;

(c) the income derived from the investment of such Accumulated Income will be, and will be deemed to be, for all purposes Income and the provisions of this document with respect to the determination, distribution and application of the Distributable Income will apply to this Income;

(d) Accumulated Income which can be identified from the books and records of the Trust as being of a category or set aside by the Responsible Entity under this document will retain its separate identity while accumulated and on its eventual application pursuant to the provisions of this document; and

(e) the amount from time to time standing to the credit of the Accumulated Income Account will be taken into account for the purposes of the provisions of this document in determining the total value of the Fund.

11.4 Distribution of capital

The Responsible Entity may in its discretion determine, at any time and from time to time, that the whole or any part of the capital should be distributed or applied by the Responsible Entity to the Unit Holders who have a right to share in capital in proportion to their relevant Units held.

11.5 Payment to Unit Holders

(a) All Distributable Income payable under the Constitution to Unit Holders entitled to receive Distributable Income will be payable to them separately.

(b) Income received by the Responsible Entity will not be received or be taken to be received by or on behalf of any Unit Holder entitled to receive Distributable Income jointly or otherwise than separately.

(c) A requirement under the Constitution to distribute, pay, apply or set aside any amount to or for any Unit Holder may be effected as to the whole or part by any one or more of the following means:

  (i) by placing such amount to the credit of the Unit Holder in the books of the Trust;

(ii) by drawing a cheque for the relevant amount made payable to or for the credit or benefit of the Unit Holder on or before the relevant Distribution Date;

(iii) by paying the relevant amount in cash to or for the benefit of the Unit Holder on or before the relevant Distribution Date; or

(iv) if the Responsible Entity, in its discretion thinks fit, by transferring any of the Authorised Investments of the Fund in specie to the Unit Holder.

(d) Any monies payable by the Responsible Entity to a Unit Holder by cheque may be sent through the post to the address of the Unit Holder recorded in the Register as at the relevant record date or in the case of joint Unit Holders to the address of that one of the joint holders who is first named in the Register as at the relevant record date.

(e) If 2 or more persons are entered in the Register as joint holders of any Unit then the receipt of 1 of these persons for the monies, from time to time payable in respect of the Units, will be an effective discharge to the Responsible Entity.'

3.7 Renumber clause 11.4

Renumber clause 11.4 as clause 11.6.

3.8 Amend Schedule 1

3.8.1 Amend the definition of '**Distribution Date**' by replacing the number '28' with the number '90'.

3.8.2 Delete the definition of 'Distribution Period' and replace it with the following:

Distribution Period means each period from:

(a) 1 January to 30 June;

(b) 1 July to 31 December,

during a Financial Year.

3.8.3 Amend the definition of 'Net Income' by replacing the word 'quarter' with the words 'Distribution Period'.

3.8.4 Insert the following definitions:

Accumulated Income means the amounts accumulated in accordance with clause 11.2(d)(i).

Accumulated Income Account means the account referred to in clauses 11.2(d)(ii) and 11.3.

3.8.5 Amend the definition of 'Income' by adding the words 'unless the Responsible Entity makes a determination to calculate Income on a different basis'.

4 Applicable Law

This Deed is governed by and is to be interpreted in accordance with the laws of Western Australia. The parties to this Deed agree to submit to the non-exclusive jurisdiction of the courts of Western Australia.

Executed as a Deed Poll

Date:

Signed for and on behalf of)
Westralia Property)
Management Limited)
ACN 072 899 060)
by authority of its directors in)
accordance with section 127 of)
the Corporations Act)

___________________________	___________________________
Signature of Director	Signature of *Director/*Secretary
___________________________	___________________________
Print name of Director	Print name of *Director/*Secretary

**delete that which does not apply*

Notes

Notes

Westralia Property Management Limited

Level 9, 121 King William Street
Adelaide South Australia 5000
GPO Box 2716
Adelaide South Australia 5001
Telephone (08) 8425 5100
Facsimile (08) 8425 6088

Westralia Property Management Limited

Level 9, 121 King William Street
Adelaide South Australia 5000
GPO Box 2716
Adelaide South Australia 5001
Telephone (08) 8425 5100
Facsimile (08) 8425 6088