

16 August 2006

Company Announcements Platform  
Australian Stock Exchange Limited

**WESTRALIA PROPERTY TRUST**  
(ASX code: WST)

The Responsible Entity of Westralia Property Trust (WST) advises that it has written down its 14.4% investment in Broadwater Busselton Property Syndicate (Receivers and Managers Appointed) ("BBPS") to 10 cents in the dollar. The financial impact of the write down is \$331,000 this will be added to the write down of \$558,000 taken in the first half of the 2006 financial year. Whilst this course of action is regrettable the investment in BBPS is not a core investment of WST.

On 11 August 2006, BBPS members voted to remove Westralia Property Management Limited as Responsible Entity of BBPS and replace it with Teys Property Funds Limited (Tey's). BBPS members were advised that these actions would lead to the appointment of a Receiver and trigger the payment of a termination fee to the outgoing Responsible Entity and that should this occur then the return to members under the winding up would be negatively impacted by these unnecessary costs and disruption.

Unfortunately for investors in WST the action of the other BBPS members has now caused the appointment of Receivers to the BBPS assets under the unconditional sale contract to APVC Limited that is expected to settle in the near future.

Given the additional costs to be incurred by BBPS and the now significant uncertainty as to the future of the investment in BBPS the Directors consider it prudent to write the investment down.

By way of background, WST invested \$1.87m into BBPS. BBPS was established four years ago to acquire properties in Busselton in the south west tourist region of Western Australia. The majority of the properties were purchased from parties owned and controlled by Brett and Frank Jackson of Broadwater Bungalows Pty Ltd, the developers of the Broadwater Bungalows Resort. Brett and Frank Jackson are also former Directors of this Responsible Entity. Broadwater Bungalows Pty Ltd as the vendor developers provided rent guarantees to BBPS. However, these rent guarantees have not been honoured and attempts to settle the matter and collect monies due have been continually frustrated. BBPS was burdened with debt that could not be serviced as the cash flow from the income pool of the Resort ceased in May 2005 due to the emergence of material financial irregularities inherited from previous management.

In addition to the relationships noted above, investors should be aware that Broadwater Bungalows Pty Ltd coordinated and met the costs of the 11 August 2006 meeting to appoint Teys. The Chairman and Chief Executive Officer of Teys is Mr Michael Teys a former partner of law firm Teys McMahon who were described as solicitors to BBPS in the original BBPS Prospectus. The convenors of the meeting retained McMahon Clarke Legal of which Teys McMahon was a predecessor firm.

The Responsible Entity will be taking advice on the options available to WST to ensure that any recovery of the remaining investment in BBPS is not eroded further.

WESTRALIA PROPERTY MANAGEMENT LIMITED



David Hinton  
Director and Company Secretary