

# Kareelya Investments Limited

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14 August 2003

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

Dear Sir

## **WESTRALIA PROPERTY TRUST – RESULTS FOR 2003 YEAR**

The directors of Kareelya Investments Limited, as Responsible Entity for the Westralia Property Trust, are pleased to announce the results of the Trust for the year ended 30 June 2003. Please find attached the Appendix 4E Preliminary Final Report.

The result for the Trust of \$315,000 was better than the forecast contained in the Product Disclosure Statement (PDS) issued in January 2003 and represents a significant improvement from the loss incurred in the establishment of the Trust in the previous period.

The Trust has delivered distributions to unit holders who subscribed to the PDS a yield of 7%, or 6.44 cents per unit on an annualised basis, determined on a unit price of 92 cents per unit.

Mr Brett Jackson, Managing Director of Kareelya Investments Limited said “ The successful equity raising and listing of the Westralia Property Trust during the year has enabled the Trust to deliver on its forecasts and target objectives”.

Further information about the results is contained in the attached Preliminary Final Report.

Please contact Brett Jackson or David Hinton on 08 9368 8200 for further information about the Trust and its results for the 2003 year

Yours sincerely

**Ray Andersen**  
Director

**WESTRALIA PROPERTY TRUST**  
**ASRN 096 588 046**  
**PRELIMINARY FINAL REPORT**  
**30 JUNE 2003**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

14 August 2003

The Directors of Kareelya Investments Limited, the responsible entity of the Trust, have pleasure in announcing the inaugural results of the Westralia Property Trust (WPT) for the financial year ended 30 June 2003.

**1 Results**

	% change	<b>30 June 2003</b>	<b>* 7 May 2001 - 30 June 2002</b>
		<b>\$,000</b>	<b>\$,000</b>
Revenue from ordinary activities	255%	<b>1,532</b>	431
Profit from ordinary activities after tax attributable to members	-	<b>315</b>	(1,038)
Net profit attributable to members	-	<b>315</b>	(1,038)
Distribution to unitholders			
Total amount		<b>645</b>	1
Cents per unit		3.9 cents	-
Basic earnings per unit		2.1 cents	-

\* The comparative period represents the period from establishment of the trust on 7 May 2001 to 30 June 2002

## **2 Commentary on Results**

The Trust was listed on the Australian Stock Exchange Limited in April 2003 following a successful capital raising via a Product Disclosure Statement (PDS). The purpose of the capital raising was to provide funds for additional investments and increase the unitholder base. These objectives have been met and accordingly the 2003 financial year was a period of consolidation for the Trust.

### **Results**

The profit for the year of \$315,000 exceeded the forecast result included in the January 2003 PDS of \$303,000 and compares favourably with the loss incurred in the previous period of \$1,038,000. The previous periods result was impacted by the once off costs of establishing the ownership structure of the properties under its management.

The revenue for the year increased to \$1,532,000. The increase in revenue included an increase in rental income from properties within the portfolio together with the full year impact of interest income generated by vendor loan books. During the year the economic entity provided mezzanine funding on a secured basis to related parties of \$1,998,000 on commercial terms as contemplated in the PDS. Income from these financing activities will continue.

### **Financial position**

Total assets of the Trust increased \$23,443,000 to \$53,958,000. As part of the Trust's strategy to consolidate its property portfolio the following assets were acquired:

- \$7,619,000 acquisition of a further 63% of the Pagoda Hotel Property Syndicate (PHPS) increasing the holding to 74% together with the acquisition of further strata hotel suites. PHPS now owns 25% of the strata suites and 40% of the facilities lot of the Broadwater Pagoda Hotel;
- \$12,600,000 construction and revaluation of the Kalgoorlie Hotel and Apartments; and
- \$1,870,000 acquisition of a 21.7% interest in the Broadwater Busselton Property Syndicate which owns the majority of properties in the Broadwater Busselton Precinct.

These asset acquisitions were financed by equity raised, net of costs, of \$4,136,000 and net additional borrowings of \$14,000,000. The majority of the increase in borrowings was associated with the construction of the Broadwater Kalgoorlie Hotel and Apartments.

Gearing ratio (debt divided by total tangible assets) was 44% at year end.

### **Distributions to unitholders**

From 1 February 2003 distributions of income were paid or payable quarterly commencing from the quarter ended 31 March 2003 at the rate of 6.44 cents per annum on an annualised basis. The distribution paid for the quarter ended 31 March was adjusted to take into account the distributions already paid for January. The distribution payable for the quarter ended 30 June 2003 was 1.61 cents per unit and paid on 28 July 2003.

Distributions of income since 1 February 2003 have been made at the rate forecast in the January PDS and are 100% tax advantaged.

It is the Trust's current intention to make distributions quarterly.

### **Future developments**

Consistent with the stated investment strategy, WPT will seek to enhance its investment portfolio by diversifying its portfolio by acquiring quality CBD properties. The Trust will advise unit holders once negotiations are sufficiently advanced.

**3 Consolidated Statement of Financial Performance**

	<b>2003</b>	<b>7 May 2001- 30 June 2002</b>
	<b>\$,000</b>	<b>\$,000</b>
<b>REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES</b>		
Rental income	612	401
Less property related expenses	(109)	(102)
Net property income	503	299
Other trust revenue		
Net profits accounted for using the equity method	66	-
Interest income		
- Loan book – other parties	374	30
- Loan book – related parties	460	-
- Other	12	-
Other income from ordinary activities	8	-
Other trust expenses		
Responsible entity fees	(106)	(85)
Auditors remuneration	(40)	-
Amortisation of intangibles	(53)	(31)
Interest and borrowing costs	(645)	(314)
Selling expenses		
- Commissions	(113)	(532)
- Prospectus costs	-	(226)
Write down of investment	-	(165)
Other expenses	(190)	(15)
<b>NET PROFIT/(LOSS)</b>	<b>276</b>	<b>(1,039)</b>
<b>NET LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTERESTS</b>	<b>39</b>	<b>1</b>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF WESTRALIA PROPERTY TRUST</b>	<b>315</b>	<b>(1,038)</b>
Increase in Asset Revaluation Reserve	1,000	-
<b>TOTAL REVENUE, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO UNITHOLDERS AND RECOGNISED DIRECTLY IN UNITHOLDERS' FUNDS</b>	<b>1,000</b>	<b>-</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH UNITHOLDERS AS UNITHOLDERS</b>	<b>1,315</b>	<b>(1,038)</b>
<b>DISTRIBUTION STATEMENT OF THE TRUST</b>		
Net operating profit	315	(1,038)
Net transfer of from unit holders funds	-	1,039
Transfer from reserve	330	-
Distributions paid or payable	645	1

**4 Consolidated Statement of Financial Position**

	<b>2003</b> <b>\$,000</b>	<b>2002</b> <b>\$,000</b>
<b>CURRENT ASSETS</b>		
Cash assets	<b>3,450*</b>	1,340
Receivables	<b>5,100</b>	6,166
Other assets	<b>489</b>	723
<b>TOTAL CURRENT ASSETS</b>	<b>9,039</b>	8,229
<b>NON CURRENT ASSETS</b>		
Investments		
- Properties	<b>40,960</b>	21,056
- Managed investment schemes (equity accounted)	<b>2,966</b>	476
- Interest bearing securities	-	200
Intangible assets	<b>993</b>	554
<b>TOTAL NON-CURRENT ASSETS</b>	<b>44,919</b>	22,286
<b>TOTAL ASSETS</b>	<b>53,958</b>	30,515
<b>CURRENT LIABILITIES</b>		
Payables	<b>5,815*</b>	948
Interest bearing liabilities	<b>2,387</b>	-
Provisions	<b>404</b>	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,606</b>	948
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	<b>20,846*</b>	10,455
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,846</b>	10,455
<b>TOTAL LIABILITIES</b>	<b>29,452</b>	11,403
<b>NET ASSETS</b>	<b>24,506</b>	19,112
<b>UNITHOLDERS' FUNDS</b>		
Parent entity interest		
- Units on issue	<b>17,517</b>	13,243
- Reserves	<b>670</b>	-
- Accumulated losses	<b>(1,038)</b>	(1,038)
Total parent entity interest in equity	<b>17,149</b>	12,205
Outside equity interests	<b>7,357</b>	6,907
<b>TOTAL UNITHOLDERS' FUNDS</b>	<b>24,506</b>	19,112
<b>NTA/Unit</b>	<b>\$0.86</b>	\$0.88
<b>Units on issue ('000)</b>	<b>18,823</b>	13,245

\* Included within the cash asset balance is \$2,800,000 held specifically to fund future building progress payments of which \$1,518,000 is included in payables. This cash was drawn down from available bank facilities included within non-current interest bearing liabilities.

**5 Consolidated Statement of Cash Flows**

	<b>2003</b>	<b>7 May 2001 – 30 June 2002</b>
	<b>\$,000</b>	<b>\$,000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Rent received	685	350
Interest received	436	590
Distribution received	77	-
GST collected	1,009	-
GST paid	(1,156)	-
Property expenses paid	(109)	-
Responsible entity fees paid	(106)	(85)
Interest and borrowing costs paid	(359)	(543)
Other expenses paid	(290)	(828)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<b>187</b>	(516)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property	(10,306)	(21,053)
Proceeds from sale of interest bearing securities	289	-
Proceeds from sale of loan books	3,459	-
Payments for equity accounted investments	(1,872)	(676)
Purchase of controlled entity	(1,215)	-
Formation expenses paid	-	(460)
Loans to related parties	(1,998)	-
Repayment of advances from related parties	52	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<b>(11,591)</b>	(22,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	3,587	13,245
Unit issue costs	(925)	-
Distributions paid	(422)	(1)
Proceeds from borrowings	12,773	10,102
Repayment of borrowings	(1,500)	-
Equity from outside equity interests	-	700
NET CASH FLOWS FROM FINANCING ACTIVITIES	<b>13,513</b>	24,046
<b>NET INCREASE IN CASH HELD</b>	<b>2,109</b>	1,341
Add opening cash brought forward	<b>1,341</b>	-
<b>CLOSING CASH CARRIED FORWARD</b>	<b>3,450*</b>	1,341

\* Included within the closing balance of cash is \$2,800,000 held specifically to fund future building progress payments. This cash was drawn down from available bank facilities and is included within proceeds from borrowings amount disclosed above.

## 6 Unit holder returns

Details of distributions paid or payable for year  
 \$,000 in total 645  
 per unit 3.9 cents

	<b>2003</b>	<b>2003</b>
	<b>\$,000</b>	<b>Distribution</b>
		<b>cents per unit</b>
Distribution dates:		
21 July 2002 - paid	64	0.5
21 August 2002 - paid	17	0.1
21 September 2002 - paid	18	0.1
21 October 2002 - paid	19	0.1
21 November 2002 - paid	20	0.1
20 December 2002 - paid	20	0.2
20 January 2003 - paid	21	0.2
21 February 2003 - paid	82	0.6
20 May 2003 - paid	81	0.4
28 July 2003 - payable	303	1.6
Total distribution paid or payable	645	3.9

### Details of distribution reinvestment plan:

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

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

## 7 Details of entities over which control has been gained during the financial year

Name: Pagoda Hotel Property Syndicate (PHPS) (holding increased from 11% to 74.17%) 31 March 2003

	<b>2003</b> <b>\$,000</b>
Cash	129
Receivables	18
Other assets	51
Properties	5,144
Investments	810
Intangible assets	94
Total Assets	<u>6,246</u>
Payables	( 122 )
Interest bearing liabilities	<u>( 2,635 )</u>
Fair value of assets acquired	3,489
Value attributable to Outside Equity Interest	<u>( 500 )</u>
	<u>2,989</u>
Consideration (cash and units in WPT)	2,989
WPT units issued in exchange for PHPS units	( 1,474 )
Investment in PHPS owned at beginning of year	( 171 )
Cash included in net assets acquired	<u>( 129 )</u>
Cash paid for controlled entity, net of cash acquired	<u>1,215</u>

## 8 Details of associates and joint venture entities:

Name of associate	% holding	Contribution to net profit	
		30 June 2003	7 May 2001 - 30 June 2002
Broadwater Busselton Property Syndicate	21.69%	43	-
Pagoda Fixed Term Property Syndicate	40.75%	44	-
Pagoda Hotel Property Syndicate	-	<u>(21)</u>	<u>-</u>
Total		<u>66</u>	<u>-</u>



**9 Segment information**

The principal activity of the trust is to invest in income producing properties located in Australia.

**10 Discontinuing operations**

None

**11 Events occurring after balance date**

Nil

**12 Other information**

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

Issued by order of the Directors of Kareelya Investments Limited.

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Graeme Goff  
Company Secretary

Date 14 August 2003