

13 September 2005

WESTRALIA PROPERTY TRUST (WST)

RESULTS ANNOUNCEMENT 30 June 2005

Westralia Property Management Limited announces that the Westralia Property Trust has recorded a loss of \$5,698,000 (2004: profit \$850,000) for the 2005 financial year.

The reported loss includes a total charge of \$9,177,000 (\$6,466,000 after OEI) attributable to non-recurring items comprising \$8,608,000 of net property and investment downward adjustments and a further \$569,000 of one off costs adversely impacting the result.

Prior to these items the underlying result was a profit of \$768,000 a significant increase on the 2004 underlying result to unit holders of \$134,000.

Details of underlying and reported result together with the impact before and after OEI are set out in the following table:

\$'000	2005		2004	
	Before OEI	After OEI	Before OEI	After OEI
Underlying result	749	768	53	134
Property & investment adjs (net)	(8,608)	(5,973)	-	-
Write down deferred costs	(413)	(413)	(280)	(280)
Profit / (loss) on sale of land	(156)	(80)	1,970	996
Total of non-recurring items	(9,177)	(6,466)	1,690	716
Net profit / (loss)	(8,428)	(5,698)	1,743	850

OEI = outside equity interests

The Board of Westralia Property Management Limited, the Responsible Entity of the Trust, was restructured in April 2005 following changes to its ownership. The incoming Board initiated a review of the assets and operations. Directors and Management are taking action to address matters arising from the review with a view to restoring unit holder value and providing appropriate longer term levels of return of the Trust.

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RESULTS ANNOUNCEMENT 30 June 2005

The 2005 result includes the impacts of items reported on 21 June together with the impact of net property and investment valuation adjustments arising from the findings of the review. This net property adjustment comprises an accretion in the value of the retail / commercial property at 166 Murray Street Perth CBD \$3.2m offset by \$11m against the carrying values of tourism assets located in regional Western Australia giving a net impact of \$5.2m after OEI.

The Murray Street property acquired in June 2004 has increased in value to \$63.8m. This increase in value is reflective of the low vacancy levels being experienced in Perth and an active property management approach. Over the year the property has become fully tenanted and the tenancy profile enhanced with the addition of a national tenant and the expansion of a Government tenancy.

Whilst the adjustment to the carrying value of the tourism assets is disappointing, the Directors believe it to be the most prudent course of action given the current performance levels of the properties, the land zoning of the properties and the complexities of the respective property ownership structures. The impact of some of these factors are largely beyond the control of the Trust, however the anticipated upswing in the tourism industry may have a positive effect on some of the properties.

The Directors have carefully considered the capital management requirements of the Trust and believe that the current level of profit and cash flow is not adequate to sustain a distribution for the September 2005 quarter. While the decision to suspend this quarter's distribution is regrettable, the Directors believe that the focus of the Trust will be to reduce debt levels and stabilise the earnings. Once this has been achieved the Trust will be in a position to recommence distributions in the near future.

The preliminary final report for the year ended 30 June 2005 follows.

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	<u>% change</u>	<u>30 June 2005</u>	<u>30 June 2004</u>
		\$'000	\$'000
Revenue from ordinary activities	16.5%	9,129	7,835
Profit / (loss) from ordinary activities after tax attributable to members	N/A	(5,698)	850
Net profit / (loss) attributable to members	N/A	<u>(5,698)</u>	<u>850</u>
Distribution to unitholders			
Total amount – 100% tax advantaged		2,944	1,301
Amount per ordinary security		4.50 cents	6.44 cents
Basic and diluted earnings / (loss) per unit		<u>(8.66) cents</u>	<u>3.70 cents</u>

Results

The net loss for the year ended 30 June 2005 was \$5.70m. This was after net decrement in the market value of investment property after outside equity interest of \$5.22m, diminution in the value of investment of \$0.76m, and write down of scheme formation and prospectus costs of \$0.4m.

Total income for the period was \$9.1m, up by 16.5%. Rental income for the period was \$8.7m, up 161% from last year as we received the first full years rental income from 166 Murray Street Mall, Perth. Borrowing costs and interest rose by \$2.4m primarily in relation to the bank funding raised for the purchase of 166 Murray Street Mall.

Finance

At 30 June 2005, the Trust had total assets of \$110.6m, with unitholders' funds of \$46.6m and total liabilities of \$64.0m. The gearing ratio (interest bearing liabilities divided by total tangible assets) at 30 June 2005 was 57%, up from 51% at the previous year end as a result of \$8.6m of property and investment write downs. The NTA per unit reduced from \$0.73 to \$0.60.

Distributions to unitholders

Distributions totalling \$2.9m were made during the year, the equivalent of 4.5 cents for the financial year, 100% tax deferred.

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Note	2005 \$'000	2004 \$'000
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES			
Rental income		8,719	3,342
Less property related expenses		(2,959)	(1,063)
Net property income		5,760	2,279
Net profits accounted for using the equity method		-	53
Interest income			
- Related parties		200	209
- Other persons		54	111
Proceeds from disposal of property	1	-	4,000
Distributions from investments and other income		156	120
Other trust expenses			
Responsible entity fees		(396)	(267)
Amortisation of intangibles		(49)	(46)
Carrying amount of property sold	1	(156)	(2,030)
Interest and borrowing costs		(4,520)	(2,118)
Write down scheme formation and prospectus costs	1	(413)	(280)
Diminution in value of investment	1	(756)	-
Net decrement in market value of investment properties	1	(7,852)	-
Other expenses		(456)	(288)
NET PROFIT / (LOSS)		(8,428)	1,743
NET (PROFIT) / LOSS ATTRIBUTABLE TO OUTSIDE EQUITY INTERESTS		2,730	(893)
NET PROFIT / (LOSS) ATTRIBUTABLE TO UNITHOLDERS OF WESTRALIA PROPERTY TRUST		(5,698)	850
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH UNITHOLDERS AS UNITHOLDERS		(5,698)	850

DISTRIBUTION STATEMENT OF THE TRUST

Result attributable to unitholders		(5,698)	850
Net transfer (to) / from unitholders' funds		8,642	(219)
Transfer from reserve		-	670
Distributions paid or payable		2,944	1,301

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2005 \$'000	2004 \$'000
CURRENT ASSETS			
Cash assets	4	460	1,253
Receivables		3,752	5,197
Other assets		446	363
TOTAL CURRENT ASSETS		<u>4,658</u>	<u>6,813</u>
NON CURRENT ASSETS			
Investments		105,441	111,645
Other assets		542	819
TOTAL NON-CURRENT ASSETS		<u>105,983</u>	<u>112,464</u>
TOTAL ASSETS		<u>110,641</u>	<u>119,277</u>
CURRENT LIABILITIES			
Payables		972	2,113
Interest bearing liabilities	4, 5	24,625	10,590
TOTAL CURRENT LIABILITIES		<u>25,597</u>	<u>12,703</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities		38,450	50,313
TOTAL NON-CURRENT LIABILITIES		<u>38,450</u>	<u>50,313</u>
TOTAL LIABILITIES		<u>64,047</u>	<u>63,016</u>
NET ASSETS		<u>46,594</u>	<u>56,261</u>
UNITHOLDERS' FUNDS			
Parent entity interest in equity		40,705	47,382
Outside equity interests		5,889	8,879
TOTAL UNITHOLDERS' FUNDS		<u>46,594</u>	<u>56,261</u>
NTA/Unit		\$0.60	\$0.73
Units on issue ('000)		67,420	64,454

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2005 \$'000	2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		8,426	2,435
Interest received		26	668
Other income received		156	157
GST collected		1,509	971
GST paid		(1,279)	(867)
Property expenses paid		(2,959)	(322)
Responsible entity fees paid		(453)	(236)
Interest and borrowing costs paid		(4,525)	(2,389)
Payments to creditors		(1,082)	(304)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	3	(181)	113
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property		(1,973)	(56,795)
Proceeds from sale of property		1,956	357
Advances from related parties		120	1,500
Repayment of advances from related parties		(491)	(1,494)
Repayment of advances to related parties		-	2,678
Advances to related parties		-	(2,941)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(388)	(56,695)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		-	17,567
Unit issue costs		(486)	(390)
Distributions paid		(2,016)	(591)
Proceeds from borrowings		11,665	38,133
Repayment of borrowings		(9,425)	(334)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(262)	54,385
NET DECREASE IN CASH HELD		(831)	(2,197)
Add opening cash brought forward		1,253	3,450
CLOSING CASH CARRIED FORWARD	4	422	1,253

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1 Profit and loss

	2005 \$'000	2004 \$'000
Net profit includes the following specific profit and loss items:		
Proceeds from disposal of property	-	4,000
Carrying amount of property sold	(156)	(2,030)
Profit / (loss) on sale of land	(156)	1,970
Diminution in value of investment	756	-
Net decrement in market value of investment properties	7,852	-
Write down prospectus and scheme formation costs	413	280

2 Unit holder returns

	2005 \$'000	2005 Distribution cents per unit
Distribution dates:		
21 October 2004	971	1.5
21 January 2005	980	1.5
21 April 2005	993	1.5
21 July 2005	-	-
Total distribution paid	2,944	4.5

The above distributions were 100% tax deferred.

Details of distribution reinvestment plan

The distribution reinvestment plan ("DRP") allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price of units under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the Australian Stock Exchange during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion. The value of distributions reinvested in the year to 30 June 2005 was \$1,266,588 (2004: \$843,121) which resulted in the issue of 1,958,996 units (2004: 1,025,986).

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

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3 Reconciliation of net profit / (loss) to net cash flow from operating activities:

	2005 \$'000	2004 \$'000
Net profit / (loss)	(8,428)	1,743
Equity accounted revenue	-	(53)
Distribution from associates	-	44
Amortisation	49	46
Prospectus and scheme formation costs written off	413	280
Prospectus and scheme formation costs	(263)	-
Profit on sale of land	-	(1,970)
Diminution in value of investment	756	-
Net decrement in market value of investment properties	7,852	-
(Increase) / decrease in receivables	(505)	184
(Increase) in prepayments	(5)	(186)
(Decrease) / increase in creditors	(50)	25
Net cash flow from operating activities	<u>(181)</u>	<u>113</u>

Significant non-cash transactions

- i) Acquisition of property with part consideration being the issue of 609,191 Trust units at 68 cents.
- ii) Issue of units under the distribution reinvestment plan as per Note 2.

4 Cash at bank

	2005 \$'000	2004 \$'000
Cash assets	460	1,253
Bank overdraft	(38)	-
Cash at bank	<u>422</u>	<u>1,253</u>

5 Interest bearing liabilities - current

The Directors believe that interest bearing liabilities falling due within the next twelve months can be extended or re-financed on similar terms. These liabilities include \$1m of secured convertible notes which are convertible to units in the Trust at the investors option at a 10% discount to market.

6 Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS)

The Westralia Property Trust is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ending 30 June 2006. The Trust has prepared an opening balance sheet in accordance with AIFRS as at 1 July 2004 which will form the basis of accounting for AIFRS in the future, and is required when the Trust prepares its first fully compliant financial report for the year ending 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

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6 Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

The figures disclosed are the Trust's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken; (b) potential amendments to AIFRS and interpretations thereof being issued by the standard-setters and International Financial Reporting Interpretations Committee (IFRIC); and (c) emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group (UIG) Interpretations.

		2005 \$'000
Reconciliation of net profit as presented under AGAAP to that under AIFRS		
Net loss under AGAAP after outside equity interest (OEI)		(5,698)
Revaluation of investment properties after OEI (i)		4,451
Deferred expenditure recognised after OEI (ii)		177
Total net (loss) under AIFRS after OEI		(1,070)

	2005* \$'000	2004** \$'000
Reconciliation of equity as presented under AGAAP to that under AIFRS		
Total equity under AGAAP	46,594	56,261
Investment properties (i)	-	(4,451)
Deferred expenditure recognised (ii)	(183)	(360)
Total equity under AIFRS	46,411	51,450

* Cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005.

** Adjustments as at the date of transition to AIFRS at 1 July 2004.

Description of impacts

(i) Under AGAAP, investment properties must be valued at least every three years with revaluation increments being taken to an asset revaluation reserve and revaluation decrements recognised as an expense in the Statement of Financial Performance to the extent that they are not a reversal of a prior revaluation increment.

Under AIFRS (AASB 140 Investment Properties) the fair value of investment properties must reflect market conditions at reporting date, and changes in fair value are recognised in the Statement of Financial Performance.

(ii) Under AGAAP, expenditure incurred in relation to the potential purchase of property is carried forward and written off over the period to which the benefit of the expenditure relates.

Under AIFRS (AASB 138 Intangible Assets) deferred costs are to be expensed immediately. This change in accounting policy will result in deferred costs being recognised when incurred in the Statement of Financial Performance.

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6 Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

- (iii) The Trust was constituted under a Trust Deed dated 7 May 2001. Under the Constitution, the term of the Trust ends on the 80th anniversary of the date of registration less one day.

Under AIFRS (AASB 132 Financial Instruments: Presentation and Disclosure effective 1 July 2005) units on issue would be recognised as a financial liability rather than equity, because the Trust has a finite life.

The Responsible Entity intends to apply UIG Interpretation 2 "Members' Shares in Co-Operative Entities and Similar Instruments" in the subsequent reporting period to treat units on issue as equity not as a financial liability as there is no right of redemption in relation to the Trust and its controlled entities.

7 Other information

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

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



David Hinton
Director

Date: 13 September 2005