bwp TRUST

Annual Report
2015

IMPORTANT NOTICE

This report contains statements regarding the future ("forward looking statements") and statements of belief or opinion ("assumptions"). Words such as "believe", "consider", "could", "expect", "estimate", "likely", "may", "objective", "should", "plan", "target", and other similar expressions are intended to identify forward-looking statements or assumptions. While due care and attention has been used in preparing this report and the information it contains, forward-looking statements and assumptions are not guarantees of future performance or outcomes. Forward-looking statements and assumptions involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the responsible entity and which may cause actual performance and outcomes to differ materially from those expressed or implied by the statements. Before making an investment decision or acting on the information in this report, you should make your own enquiries and seek your own professional advice as to the application of the information provided in this report to your particular investment needs, objectives and financial circumstances.

CONTENTS

BWP TRUST
ARSN 088 581 097

RESPONSIBLE ENTITY
BWP Management Limited
ABN 26 082 856 424

AUSTRALIAN FINANCIAL SERVICES LICENCE
No. 247830

bwptrust.com.au

As at 30 June 2015, the Trust owned 80 Bunnings Warehouses, eight of which have adjacent retail showrooms that the Trust owns and are leased to other retailers, a fully leased stand alone showroom property and a leased industrial property.

ABOUT US[1]

BWP Trust is a real estate investment trust listed on the Australian Securities Exchange ("ASX") investing in and managing commercial properties throughout Australia. The majority of the Trust's properties are large format retailing properties, in particular, Bunnings Warehouses, leased to Bunnings Group Limited ("Bunnings").

The Trust's main source of income is the rent paid by Bunnings and other customers for leasing their respective premises from the Trust. Rent is generally based on the area of the property leased by the customer, and typically does not have reference to the customer's turnover at the premises. Growth in rental income typically comes from acquiring additional leased properties and from increases in rent from existing properties. Rents from existing properties grow as a result of annual rent increases and periodic market reviews in accordance with the lease. Rental growth may also occur with upgrades to existing properties, which increase the lettable area.

The main items of expense for the Trust are borrowing costs and the fee paid to the responsible entity for managing the Trust. The amount of borrowing costs relate to the level of borrowings the Trust has from time to time, and the interest rates and funding costs associated with those borrowings. The level of management fee paid by the Trust depends on the value of the gross assets of the Trust over the period.

The Trust's assets are predominantly comprised of its investment properties. Investment properties are revalued every six months to assess their fair value based on market conditions and the circumstances of each particular property. Changes in the fair value of properties as a result of revaluations are recorded as an unrealised revaluation gain or loss for the period and do not affect distributable profit. Borrowings to fund investment in properties are the Trust's largest liability and typically represent 20 to 30 per cent of the value of the Trust's total assets.

As required by the Trust's constitution, the Trust distributes all its "profit attributable to unitholders of BWP Trust" as per the statutory accounts every six months, excluding unrealised movements in the fair value of investment properties, as well as other items as determined by the directors. In addition, at the directors' discretion, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained to be distributed in future years. In each year, the Trust distributes more than its taxable income.

The Trust is managed by an external responsible entity, BWP Management Limited ("the responsible entity") which is appointed under the Trust's constitution and operates under an Australian Financial Services Licence. The responsible entity is solely committed to managing the Trust and is paid an annual fee based on the gross assets of the Trust. Both Bunnings and the responsible entity are wholly-owned subsidiaries of Wesfarmers Limited ("Wesfarmers"), one of Australia's largest listed companies. Wesfarmers, through one of its subsidiaries, also owns approximately 24.75 per cent of the issued units in the Trust.

1 This is a brief summary of BWP Trust's ("BWP" or "the Trust") operations and activities, and readers should refer to the details provided throughout this Annual Report and on the Trust's website for further information.

INVESTMENT APPROACH

BWP Trust aims to provide a premium commercial real estate investment product, delivering unitholders a secure and growing income stream and long-term capital growth, through strong alignment with, and by supporting the ongoing property needs of its customers.

To achieve this core purpose the responsible entity invests on behalf of the Trust according to the following strategies, objectives and investment criteria:

STRATEGIES / OBJECTIVES

PRO-ACTIVE MANAGEMENT OF EXISTING ASSETS

> Full occupancy and strong customer financial covenants
> Commercial approach to rent reviews, outgoings and stay-in-business capital expenditure
> Pursuit of longer term property value enhancement opportunities
> Divestment of non-core assets, where value has been optimised
> Re-investment in existing stores to support the evolving requirements of major customers

PORTFOLIO GROWTH

> Source quality Bunnings Warehouses from Bunnings or third parties
> Acquisition of prime large format retailing properties anchored with a Bunnings Warehouse
> Network rollout support for emerging large format retail concepts with similar risk/return characteristics

EFFECTIVE MANAGEMENT OF THE TRUST AND ITS CAPITAL

> Active capital management
> Disciplined investment approach
> Sustainability endeavours that have impact
> Effective stakeholder engagement

INVESTMENT CRITERIA

PREFERRED PROPERTY ATTRIBUTES

> Significant catchment area
> Visible and accessible from a major road, highway or freeway
> Ready vehicle access and ample on-site parking
> Long term occupancy potential
> Leases to businesses with strong financial and value creation attributes
> Geographic diversity

2015 HIGHLIGHTS

TOTAL INCOME

$144.9M

DISTRIBUTION PER UNIT

15.84 CENTS

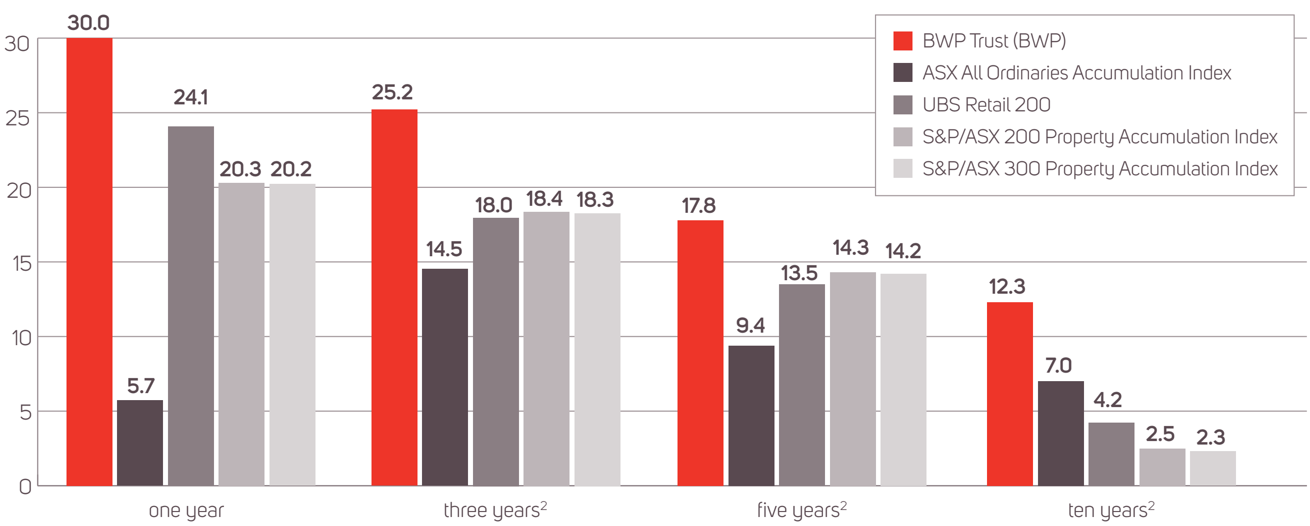
NET TANGIBLE ASSETS PER UNIT

$2.24

- 13.7 per cent increase in income to $144.9 million for the year
- Final distribution of 8.17 cents, bringing the full year distribution to 15.84 cents, up 7.7 per cent, on the previous year
- Acquired the Australind Bunnings Warehouse development site and newly constructed store, and completed the development of the Manly West, West Ipswich, Brendale and Maribrynong Bunnings Warehouse stores
- Finalised the upgrade of the Minchinbury Bunnings Warehouse store, and progressed the upgrade of the Lismore and Rockingham stores
- Completed the divestment of six non-core properties
- 20 market rent reviews were finalised during the year – weighted average 8.2 per cent increase in annual rent; including 17 Bunnings Warehouses – weighted average 8.0 per cent increase in annual rent
- Like-for-like rental growth of 2.6 per cent for the 12 months to 30 June 2015, compared to an adjusted 4.0[1] per cent for the previous year
- Repriced and extended all bank facilities, and reduced unused facilities by $45 million
- Weighted average cost of debt of 5.5 per cent for the year, 5.0 per cent at financial year end
- Weighted average lease expiry of 6.6 years at 30 June 2015, with 100 per cent occupancy
- Net revaluation gain on the property investment portfolio of $108.5 million for the year
- Net tangible assets of $2.24 per unit at 30 June 2015, up 8.2 per cent on the previous year
- Gearing (debt/total assets) 24.1 per cent at 30 June 2015

[1] Includes market rent reviews for the 2013/14 financial year that were finalised in 2014/15

BWP TOTAL RETURNS COMPARED TO MARKET PERIODS ENDED 30 JUNE 2015 (%)[1]



[1] Total returns include distributions and movement in price (assumed distributions are reinvested). Source: UBS Australia.

[2] Annual compound returns

LETTER FROM THE CHAIRMAN

The Trust is well positioned with a large geographically diverse portfolio of 80 Bunnings Warehouse properties with attractive risk/ return characteristics, and a balance sheet that can accommodate further debt funded asset growth as opportunities arise. The outlook for both the home improvement & outdoor living sector and Bunnings continue to be positive.

DEAR UNITHOLDER

On behalf of the Board of directors of BWP Management Limited, the responsible entity for BWP Trust, it is my pleasure to present the Trust's annual report for the financial year ended 30 June 2015.

The performance of the Trust during the year was pleasing, both operationally and in terms of market returns.

The Trust had good rental growth from its existing property portfolio, and from the addition of four Bunnings Warehouse properties completed during the year, one new Bunnings Warehouse acquisition, one Bunnings Warehouse store upgrade, and one completed showroom development.

Repricing of the Trust's banking facilities, and the reduction of unused facilities by $45 million, contributed to the decrease in the cost of debt to 5.0 per cent at financial year end.

The increased total income and lower cost of debt, have resulted in total distributions per unit for 2014/15 increasing by 7.7 per cent from last year to 15.84 cents per unit.

Total returns for the year (distributions and movement in unit price) of 30.0 per cent were well ahead of the benchmark S&P/ASX 200 Property Accumulation Index of 20.3 per cent. BWP's performance over time is illustrated in the chart on page 3, which shows total returns of BWP and relevant market indices over a longer timeframe; not only for the past year, but over three, five, and ten years.

The Trust completed the sale of six non-core properties during the year, and entered into an option agreement for the divestment of the Altona property, which is exercisable by the purchaser up until 31 July 2016.

Looking forward, the Trust expects further rental growth from its existing property investment portfolio, and from the full year rental contribution of properties acquired or for which development was completed during the 2014/15 financial year.

The Trust will remain active in seeking out acquisition opportunities, however, property investment activity is expected to continue to be competitive in the current year, which may limit opportunities for asset purchases, in the near term.

The Trust assesses the future potential of all properties in the portfolio on an ongoing basis, and will continue to look to divest non-core properties when considered to provide the best financial outcome.

Finally, I would like to acknowledge some changes to the Board of the responsible entity during the year. In February 2015, we were delighted to welcome Mr Erich Fraunschiel to the Board as a non-executive director, who has extensive business and board experience and Mr Mike Steur who is an experienced valuer by background and has over 30 years property experience. Mr John Atkins has resigned from the Board effective from 31 August 2015, to take up the role of Agent General for Western Australia, based in London. I would like to sincerely thank John for his contribution to the Board, and wish him well for the future.

I would also like to express my appreciation to all my fellow directors and management for their efforts during the year and thank our unitholders for their continued support of the Trust.

J A Austin
Chairman
BWP Management Limited

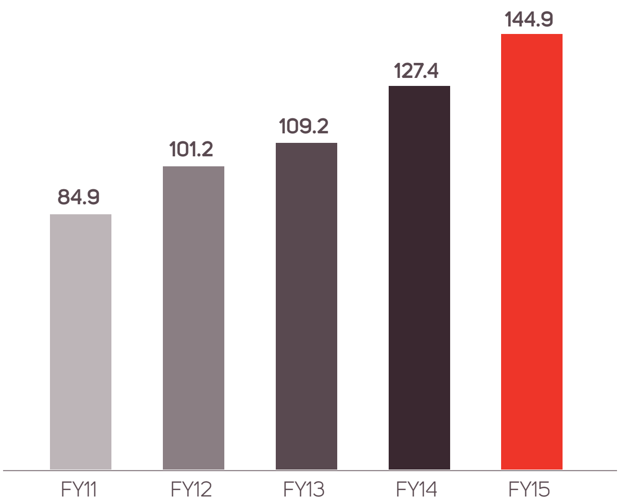
FINANCIAL SUMMARY

FINANCIAL PERFORMANCE

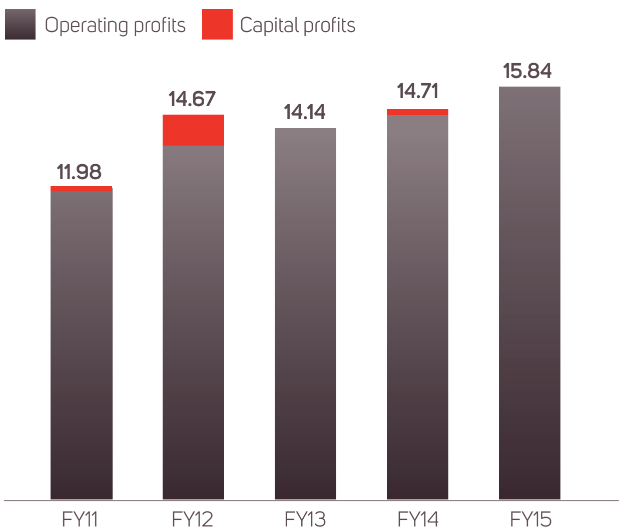
Year ended 30 June			2015	2014	2013	2012	2011
Total income		$m	**144.9**	127.4	109.2	101.2	84.9
Net profit		$m	**210.1**	149.1	110.6	69.9	81.5
(Gains)/losses in fair value of investment properties		$m	**(108.5)**	(57.1)	(34.8)	0.6	(25.3)
Capital profits released from undistributed income reserve		$m	**-**	0.8	-	6.2	0.4
Distributable profit		$m	**101.6**	92.8	75.8	76.7	56.6
Distribution per ordinary unit	interim	cents	**7.67**	6.83	7.00	6.63	6.18
	final	cents	**8.17**	7.88	7.14	8.04	5.80
	total	cents	**15.84**	14.71	14.14	14.67	11.98
Tax advantaged component		%	**18.27**	14.69	24.26	19.36	22.60
Total assets		$m	**2,018.0**	1,837.4	1,398.7	1,335.2	1,242.1
Borrowings		$m	**485.4**	448.3	296.5	288.9	210.8
Unitholders' equity		$m	**1,441.8**	1,311.4	1,037.2	974.0	986.3
Gearing (debt to total assets)		%	**24.1**	24.4	21.2	21.6	17.0
Number of units on issue		m	**642**	634	538	525	520
Number of unitholders			**24,374**	23,668	18,063	14,924	13,958
Net tangible asset backing per unit		$	**2.24**	2.07	1.93	1.85	1.90
Unit price at 30 June		$	**3.06**	2.48	2.25	1.87	1.83
Management expense ratio[1] (annualised)		%	**0.65**	0.64	0.62	0.58	0.67

[1] Expenses other than property outgoings and borrowing costs as a percentage of average total assets

TOTAL INCOME ($M)



DISTRIBUTION PER UNIT (CENTS)



MANAGING DIRECTOR'S REPORT

Rental growth from the existing property investment portfolio, completed developments, and improvements to existing properties, contributed to a 13.7 per cent increase in total income, which together with a 10 per cent reduction in the weighted average cost of debt, increased the distributions per unit to 15.84 cents, 7.7 per cent higher than last year.

FINANCIAL RESULTS

INCOME AND EXPENSES

Total income for the full-year to 30 June 2015 was $144.9 million, up by 13.7 per cent from last year. The increase in income was mainly due to rental growth from the existing property portfolio, and additional rental income from developments completed during the year. On a like-for-like basis, excluding rental income from properties acquired or upgraded during or since last year, rental income increased by approximately 2.6 per cent from last year.

Finance costs of $25.8 million were 23.5 per cent higher than last year due mainly to the average level of borrowings of $462.7 million being 39.2 per cent higher than the previous corresponding period. The weighted average cost of debt for the year (finance costs less finance income, as a percentage of average borrowings) was 5.5 per cent, compared to 6.1 per cent for the previous year. The reduced cost of debt was the result of lower floating and fixed interest rates, and reductions in funding costs and margins during or since last year. At financial year end the cost of debt was 5.0 per cent.

Other expenses of $6.4 million for the year were 7.2 per cent higher than last year, due to an additional $1.0 million in non-recoverable outgoings including land tax on properties located in Queensland, acquired during or since last year. The majority of the increase in non-recoverable outgoings is reflected in an increase in rental income for the period relating to the purchase of properties during the year.

The management expense ratio for the year ended 30 June 2015 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.65 per cent (2014: 0.64 per cent).

Manly West, QLD

PROFIT

Profit as disclosed in the Trust's financial statements includes unrealised gains or losses in the fair value of investment properties as a result of the revaluation of the entire property portfolio every six months (see revaluations section in Our property portfolio). The unrealised revaluation gains or losses are recognised as undistributed income as part of unitholders' equity in the financial statements and do not affect the profit available for distribution to unitholders each period.

For the year ended 30 June 2015, net profit was $210.1 million, including $108.5 million in gains in the fair value of investment properties. This compares with $149.1 million last year, including gains of $57.1 million in the fair value of investment properties.

Distributable profit for the year (excluding revaluation gains or losses) was $101.6 million, compared to $92.8 million (including $0.8 million partial distribution of capital profits) for the year ended 30 June 2014.

FINANCIAL POSITION

As at 30 June 2015, the Trust's total assets were $2,018.0 million (2014: $1,837.4 million) with unitholders' equity of $1,441.8 million and total liabilities of $576.2 million. Investment properties and assets held for sale made up the majority of total assets, comprising $1,981.3 million (2014: $1,819.0 million). Details of investment properties are contained in the Our property portfolio section at pages 12 to 17.

The underlying net tangible asset backing of the Trust's units ("NTA") as at 30 June 2015 was $2.24 per unit, an increase of 2.8 per cent from $2.18 per unit as at 31 December 2014 and 8.2 per cent from $2.07 per unit as at 30 June 2014. The increase in NTA over the 12 months to 30 June 2015 was due to the increase in net assets through property revaluations.

DISTRIBUTION TO UNITHOLDERS

The Trust pays out 100 per cent of distributable profit each period, in accordance with the requirements of the Trust's constitution. A final distribution of 8.17 cents per ordinary unit has been declared and will be made on 27 August 2015 to unitholders on the Trust's register at 5.00 pm (AEST) on 30 June 2015. The final distribution takes the total distribution for the year to 15.84 cents per unit (2014: 14.71 cents per unit). The tax advantaged component of the distribution is 18.27 per cent, lower than in previous years due to the property divestments, and taxable capital gains resulting from them.

Units allocated under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be allocated at $3.2561 per unit, representing the average of the daily volume weighted average price of the Trust's units for the 20 trading days from and including 6 July 2015 to 31 July 2015, with no discount applied. Units to be allocated under the DRP were acquired on market and will be transferred to participants on 27 August 2015.

CAPITAL MANAGEMENT

The Trust is committed to maintaining a strong investment grade rating (currently A-/Stable/- Standard & Poor's) through appropriate capital and balance sheet management.

DEBT FUNDING

During the year, the Trust repriced and extended all of its bi-lateral banking facilities.

The Trust's debt facilities as at 30 June 2015 are summarised below.

	Limit $m	Amount drawn[1] $m	Expiry date
Bank debt facilities			
Australia and New Zealand Banking Group Limited	110.0	94.3	1 July 2018
Commonwealth Bank of Australia	110.0	92.2	31 July 2020
Westpac Banking Corporation	135.0	99.2	30 April 2020
Corporate bonds			
Fixed term five-year corporate bond	200.0	200.0	27 May 2019
Total	**555.0**	**485.7**	

[1] Amount drawn includes prepaid interest and borrowing costs of $0.3 million as at 30 June 2015 on debt facilities

As at 30 June 2015, the weighted average duration of the Trust's debt facilities was 4.2 years to expiry (2014: 3.7 years) and average utilisation of debt facilities (average borrowings/average facility limits) for the year was 80.4 per cent (2014: 74.2 per cent).

In respect of the Trusts' bank debt facilities, whilst these have fixed maturity dates, the terms of these facilities allow for the maturity period to be extended by a further year each year subject to the amended terms and conditions being accepted by both parties.

DISTRIBUTION REINVESTMENT PLAN

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2015. The Trust has continued to maintain an active DRP as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides a measured and efficient means of accessing additional equity capital from existing eligible unitholders.

INTEREST RATE MANAGEMENT

The Trust takes out interest rate swaps and fixed rate corporate bonds (hedging) to create certainty of the interest costs of the majority of borrowings over the medium to long-term. As at 30 June 2015, the Trust's interest rate hedging cover was 78.2 per cent of borrowings (outside the Board preferred range of 50 to 75 per cent), with $180.0 million of interest rate swaps and the $200.0 million fixed rate corporate bond, against interest bearing debt of $485.7 million. The weighted average term to maturity of hedging was 3.17 years, including delayed start swaps.

Brendale, QLD

Due to the accounting requirement to mark the value of interest rate swap hedges to market, the Trust's hedging liabilities decreased to approximately $10.9 million as at 30 June 2015 (2014: $12.1 million). The decrease in hedging liability during the year was due to the reduction in the average term of maturity of the interest rate swap profile. The hedging liability assesses the potential liability if all hedges were to be terminated at 30 June 2015.

GEARING

The Trust's gearing ratio (debt to total assets) at 30 June 2015 was 24.1 per cent (2014: 24.4 per cent), which is at the middle of the Board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 24.6 per cent (2014: 25.0 per cent) which is well within the Trust's debt covenant requirements. The interest cover ratio (earnings before interest and tax/interest expense) was 5.1 times (2014: 5.7 times), also well within the Trust's debt covenant requirements.

OPERATING ENVIRONMENT

BUNNINGS – THE TRUST'S KEY CUSTOMER

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand, and a major supplier to project builders, commercial tradespeople and the housing industry. Bunnings has a network of approximately 232 Bunnings Warehouse stores across Australia and New Zealand, around 66 smaller format stores and 32 trade centres[1].

As at 30 June 2015, approximately 93 per cent of the Trust's annual rental income is from Bunnings and therefore the Trust's earnings are linked to the ongoing success of the Bunnings business and the strength and direction of the underlying home improvement and outdoor living markets.

For the financial year ended 30 June 2014, Bunnings reported revenue of $8.546 billion, and EBIT of $979 million[2]. In the period from 30 June 1995 to 30 June 2014, Bunnings grew sales and earnings before interest and tax ("EBIT"), at a compound annual growth rate of 16.4 per cent per annum, and 20.8 per cent per annum, respectively[3].

For the nine month period ended 31 March 2015, Bunnings reported sales of $7.293 billion, up 11.9 per cent on the previous corresponding period[4].

At a recent Wesfarmers Strategy Briefing Day, Bunnings outlined its 2015/16 strategic agenda with a continuing focus on driving growth through creating more customer value, better customer experiences, greater brand reach, expanding its commercial business, and through more merchandising innovation[5].

At the strategy day, Bunnings indicated its intention to further expand its physical network in all formats including smaller and Bunnings Warehouse format stores, multi-level and elevated stores, trade centres, and hybrid stores, incorporating elements of trade centres into selected large Bunnings Warehouse stores.

With the ongoing evolution of the Bunnings business model and store formats, periodically Bunnings vacates existing sites, and relocates to new purpose built stores. The Trust has seven stores in its portfolio that Bunnings has or is in the process of moving out of. In each case the stores are currently still leased to Bunnings. For each site the Trust is well progressed in re-leasing, re-formatting and leasing, and/or divesting, depending on which approach provides the best financial outcome.

Merchandise innovation remains a key driver of growth for Bunnings. At the strategy day, Bunnings highlighted a number of mega trends that it believes will support its ongoing growth including; population growth and urbanisation, sustainability and energy efficiency, ageing population and independent living needs, automation and intelligence technologies for homes and gardens, and ongoing product innovation across the entire spectrum of home improvement and outdoor living[6].

HOME IMPROVEMENT AND OUTDOOR LIVING MARKET

Bunnings estimates the size of its addressable market in home improvement and outdoor living to be sales of $46 billion per annum, of which its share is 18 per cent. A number of factors drive the growth of the home improvement and outdoor living

1 Source: Wesfarmers Briefing Day Materials, 20 May 2015, page 92, 93 and 95
2 Source: Wesfarmers 2014 full-year results announcement, 20 August 2014, page 11
3 Source: Wesfarmers Strategy Briefing Day, 20 May 2015, page 72
4 Source: Wesfarmers third quarter results announcement, 29 April 2015, Page 1
5 Source: Wesfarmers Strategy Briefing Day, 20 May 2015, page 84
6 Source: Wesfarmers Strategy Briefing Day, 20 May 2015, page 102

West Ipswich, QLD

market including: household disposable income, renovation activity, housing churn, value and formation, weather, lifestyle and demographic trends, government activity and technology[1].

The market accounts for both consumer and commercial customer demand and includes: hardware and fixings, tools, plumbing, building materials and supplies, garden and landscaping supplies, lighting, paint, kitchen, laundry and bathroom supplies, gas appliances, floor and window coverings, outdoor furniture, storage and housewares. There is a wide array of competitors operating from a variety of different formats including: category specialists in plumbing, electrical, lighting, timber and garden supplies; hard goods mass merchants, suppliers direct-to-market, home improvement products sold in discount department stores and supermarkets, and other small and large format home improvement retailers.

RETAILING MARKET AND TRENDS

The Trust's customers are predominantly sellers of retail goods or services in the home improvement & outdoor living, office supplies, outdoor leisure, and electrical and small appliances categories. Economic, technological, demographic and other trends that affect retailing generally, or certain aspects of retailing, may impact our customers from time to time. While the Trust's rental income is not directly linked to the sales turnover of the retailers, difficult retailing conditions or structural changes in retailing can impact on the demand for retailing space, affecting market rents, and in some cases may affect the longer term viability of some retailers.

Retailing continues to evolve rapidly, in line with changing customer needs, and also changes in technology, supply chains and sourcing. Prime large format retail and home maker centres remain important as a relatively low cost and structurally adaptable format, for those retail business models. The quality of the Trust's property investment portfolio, with its large, prominently located sites means that generally these should continue to be preferred locations for retailing or provide potential longer term alternative uses.

RISK CONSIDERATIONS

The Trust is well positioned from a risk perspective with the majority of its counter party exposure to Wesfarmers Limited (A- S&P rating, A3 Moodys rating). The Trust's assets comprise a geographically diverse portfolio of large format retail and industrial properties, generally with long term leases in place (100 per cent occupied at 30 June 2015, with a portfolio WALE of 6.6 years).

The Trust's capital structure (preferred gearing range 20 to 30 per cent) takes into account the dynamics of the property investment portfolio, and the lease terms of each asset.

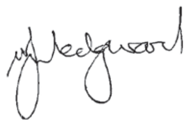
The key economic risk for the Trust relates to interest rate movements, and the impact on property capitalisation rates, and the cost of debt funding. All investment proposals are evaluated in relation to longer term return objectives, which take into account interest rate cycles. The interest rate impact on debt funding is managed with Board approved levels of interest rate hedging.

The Trust actively manages residual exposure to environmental risks, including climate related weather events such as flood and fire, which are limited to periodic localised incidents. The Trust undertakes detailed due diligence on property acquisitions to fully understand levels of site contamination prior to committing to purchase.

The Trust does not consider there to be specific social risks to which it is exposed, but remains vigilant in terms of broader retailing trends, and the business direction of its major customers.

BWP'S OPERATIONS

Further information regarding the operations of the Trust is included in the Outlook, Our property portfolio, and Sustainability sections on pages 10 to 18.



Michael Wedgwood
Managing Director
BWP Management Limited

[1] Source: Wesfarmers Strategy Briefing Day, 20 May 2015, page 76

OUTLOOK

The direction of global and domestic interest rates (and the impact these have on commercial property activity in Australia), the trajectory of the Australian economy (including inflationary impact), and the resulting performance of the home improvement and outdoor living sector are the main economic and market factors that will influence the performance of the Trust in the near term[1].

ECONOMIC AND PROPERTY MARKET CONDITIONS

Slow global economic growth, and continuing low interest rates have resulted in strong demand for prime real estate over the last 12 months. Recent sales of Bunnings Warehouse properties reflect this. Demand for property is expected to remain strong, while these factors continue to dominate the macro-economic outlook.

The extent to which property capitalisation rates tighten further, is likely to be a function of how long interest rates continue at current levels. The current strength of the property market is reflected in the value accretion of the Trust's portfolio at 30 June 2015, and will also be a factor in property acquisitions in the near term, which may limit portfolio growth while these economic conditions prevail. The current relatively low inflation environment, as measured by the Consumer Price Index ("CPI") results in lower incremental growth of rental income for the Trust. Approximately 65 per cent of the Trust's rental income is subject to CPI annual adjustment, other than in years in which respective properties are due for a market rent review (typically every five years for most of the Trust's existing portfolio).

For the year ended 30 June 2015, the average CPI increase was 2.5 per cent, which applied to annual escalations under leases comprising 59 per cent of the rental income for properties subject to a review during the year ("base rent"). For the year ending 30 June 2016, CPI reviews will apply to 58 per cent of the base rent, with leases subject to a market rent review comprising seven per cent of the base rent, and with the balance of 35 per cent reviewed to fixed increases of three to four per cent.

The level of income growth the Trust derives from market rent reviews will depend on property specific factors and what relevant evidence is available from time to time for comparable Bunnings Warehouses or other comparable properties. It is therefore difficult to predict the likely growth from market rent reviews, particularly when often the outcome of individual market reviews is the subject of a binding determination by an independent expert.

[1] This outlook contains forward-looking statements and assumptions. Please refer to the Important notice on the inside cover of this report

HOME IMPROVEMENT RETAIL SECTOR PERFORMANCE AND GROWTH

The ongoing success of the Bunnings business, the strength and direction of the underlying home improvement and outdoor living markets, and the ongoing viability of other existing customers is important for the future growth of the Trust, at the expiry of existing leases and for the opportunity for new acquisitions.

Bunnings is continuing to deliver solid organic growth, with 9.2 per cent like-for-like sales growth for the nine month period ended 31 March 2015[2]. It is also continuing to invest significantly in future growth and has indicated that it expects to further expand its store network, adding approximately 15 to 18 new stores per annum over the next two years, and up to 10 to 14 per annum thereafter[3].

2016 FINANCIAL YEAR DISTRIBUTION

On the basis of continued rental growth from the existing portfolio, and no significant unforeseen changes in the operating environment, the Trust could expect distribution per unit growth of approximately five per cent for the 2016 financial year.

[2] Source: Wesfarmers third quarter results announcement, 29 April 2015, page 4

[3] Source: Wesfarmers Strategy Briefing Day materials, 20 May 2015, page 93

Maribyrnong, VIC

Maribyrnong, VIC

OUR PROPERTY PORTFOLIO

As at 30 June 2015 the Trust owned 82 investment properties, all within Australia, with a total value of $1,981.3 million and a weighted average lease expiry of 6.6 years.

PORTFOLIO AT A GLANCE

Year ended 30 June	2015	2014	2013	2012	2011
Bunnings Warehouses	72	70	62	62	60
Bunnings Warehouse with other showrooms	8	8	5	4	2
Bunnings Warehouse development sites	-	4	2	1	3
Large format retail showroom	1	1	1	1	1
Industrial properties	1	4	4	4	4
Total BWP portfolio	**82**	**87**	**74**	**72**	**70**
Annual capital expenditure	$124.6m	$383.3m	$37.1m	$95.7m	$207.9m

CAPITAL EXPENDITURE DURING 2014/15

	$m
Acquisitions	
Australind[1]	18.3
Developments	
Brendale	19.2
Manly West	21.3
West Ipswich	17.9
Harrisdale showrooms	0.7
Maribyrnong	32.0
Minchinbury	8.6
Rockingham (under construction)	2.5
Lismore (under construction)	3.2
	105.4
Other	
Other non-income producing	0.9
Total	**124.6**

1 Total outlay comprising purchase price of land, development and acquisition costs

Australind, WA

PROPERTY ACQUISITIONS

BUNNINGS WAREHOUSE DEVELOPMENT SITE, AUSTRALIND, WESTERN AUSTRALIA

In November 2014, the Trust committed to acquire a Bunnings Warehouse development site in Australind, Western Australia for a purchase price of $8.3 million (plus acquisition costs of approximately $0.5 million). Settlement of the property occurred in June 2015, following subdivision and the issue of the certificate of title. The development was also completed in June 2015 at a cost of approximately $9.6 million. The net annual rental income of the property is approximately $1.3 million.

The parties entered into a new 12 year lease of the Bunnings Warehouse with five, six-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

PROPERTY DIVESTMENTS

The Trust completed the sale of six of its properties during the year as detailed in the table below:

Property	State	Sale price $m	Settlement
Regency Park	SA	3.9	July 2014
Hemmant	QLD	21.3	September 2014
Sandown	VIC	8.6	October 2014
Sunshine	VIC	13.0	December 2014
Coffs Harbour	NSW	7.3	May 2015
Blackburn	VIC	17.5	June 2015

DEVELOPMENTS AND EXPANSIONS

COMPLETION OF DEVELOPMENT OF BUNNINGS WAREHOUSE MANLY WEST, QUEENSLAND

In September 2014, construction of the Trust's Bunnings Warehouse at Manly West, Queensland, was completed at a cost of $21.3 million. The Trust purchased the Manly West development site for $7.2 million (including acquisition costs) in September 2013. The net annual rental income of the property is approximately $2.1 million.

The parties entered into a new 12 year lease of the Bunnings Warehouse with five, six-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

COMPLETION OF DEVELOPMENT OF BUNNINGS WAREHOUSE WEST IPSWICH, QUEENSLAND

In September 2014, construction of the Trust's Bunnings Warehouse at West Ipswich, Queensland, was completed at a cost of $17.9 million. The Trust purchased the West Ipswich development site for $13.1 million (including acquisition costs) in September 2013. The net annual rental income of the property is approximately $2.3 million.

The parties entered into a new 12 year lease of the Bunnings Warehouse with five, six-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

COMPLETION OF DEVELOPMENT OF BUNNINGS WAREHOUSE BRENDALE, QUEENSLAND

In December 2014, construction of the Trust's Bunnings Warehouse at Brendale, Queensland, was completed at a cost of $19.2 million. The Trust purchased the Brendale development site for $8.1 million (including acquisition costs) in June 2014. The net annual rental income of the property is approximately $1.9 million.

The parties entered into a new 12 year lease of the Bunnings Warehouse with five, six-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

COMPLETION OF DEVELOPMENT OF BUNNINGS WAREHOUSE MARIBYRNONG, VICTORIA

In February 2015, the Trust paid Bunnings a development fee of $32.0 million, to finalise the purchase of the Bunnings Warehouse at Maribyrnong, Victoria. The Trust had purchased the Maribyrnong development site in June 2001 for $7.1 million. As part of the acquisition of the site, Bunnings was required to undertake remediation of contamination associated with the property, to the satisfaction of all relevant authorities, which has been achieved.

The commencing annual rental income of the property is $2.54 million, with Bunnings leasing the property for an initial fixed term of 12 years and a further five optional terms of six years each, at Bunnings' election. Under the lease, the rent increases by a fixed three per cent per annum. At the end of the initial term and at the exercise of each option by Bunnings the rent is subject to a market rent review, having regard to the rents paid at comparable properties. The market rent reviews for the property are subject to a 10 per cent 'cap and collar', meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year's rent.

COMPLETION OF EXPANSION OF BUNNINGS WAREHOUSE MINCHINBURY, NEW SOUTH WALES

In April 2015, an $8.6 million expansion of the Trust's Minchinbury Bunnings Warehouse was completed by Bunnings for the Trust. The expansion, including the acquisition of land adjoining the Bunnings Warehouse in September 2012 for $4.26 million (including acquisition costs), extended the total retail area by 4,821 square metres. The annual rental increased by approximately $0.94 million to $2.71 million.

Following completion of the expansion, the parties entered into a new 12 year lease of the Bunnings Warehouse with four, six-year options, exercisable by Bunnings. The rent will be reviewed annually to CPI and is subject to a market rent review at the exercise of each option. At the exercise of the first option, at the commencement of year 13, the revised rent can be no lower than the rent in the immediately preceding year, but may not increase by more than 10 per cent of the preceding year's rent. Thereafter, market rent reviews are subject to a 10 per cent cap and collar, meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year's rent.

COMPLETION OF SHOWROOMS HARRISDALE, WESTERN AUSTRALIA

During the year, the Trust incurred a further $0.7 million in development works to complete the additional showrooms at the Harrisdale property. The showrooms comprising 2,346 square metres are fully leased to three customers.

FLOOD DAMAGE BUNNINGS WAREHOUSE MAITLAND, NEW SOUTH WALES

In April 2015, the Maitland Bunnings Warehouse store incurred flood damage which resulted in the closure of the store at that time. During the flood, the flow of water exceeded the capacity of stormwater pipes underneath the store, and undermined a large area under the floor of the building. In July 2015, works were completed to ensure part

Minchinbury, NSW

of the building was structurally safe for Bunnings to re-commence trading from an unaffected portion of the building. Work is continuing in clearing the damaged area, and determining and implementing an appropriate longer term rectification plan.

Under the terms of the lease, Bunnings is responsible for insuring the replacement of the building, but not for improvements below ground. As a result, the stormwater pipes are not covered under the policy and remain the Trust's responsibility. The expected capital cost to be incurred by the Trust in implementing a new storm water run-off solution is approximately $2.0 million, and is likely to take nine months to complete.

The Trust has loss of rent insurance for 12 months to cover the loss of rental income while the store is being repaired.

OTHER IMPROVEMENTS

Approximately $0.9 million was spent on various other non-income producing improvements to the portfolio during the year.

CAPITAL COMMITMENTS

AGREEMENT TO EXPAND BUNNINGS WAREHOUSE LISMORE, NEW SOUTH WALES

In November 2014, the Trust committed to expand its Lismore Bunnings Warehouse, New South Wales, at a cost of $4.6 million. The annual rental will increase by approximately $0.3 million.

Following completion of the expansion, expected in August 2015, the parties will enter into a new 12 year lease of the Bunnings Warehouse with four, five year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and at the exercise of each option by Bunnings, the rents are subject to a market review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

AGREEMENT TO EXPAND BUNNINGS WAREHOUSE ROCKINGHAM, WESTERN AUSTRALIA

In September 2013, unitholders approved a proposal for the Trust to acquire from Bunnings a portfolio of 10 properties and the expansion of three existing Bunnings Warehouses, including the Rockingham Bunnings Warehouse. The work on the Rockingham store is expected to be completed in late 2015 at a cost of $4.4 million. The net annual rental income is expected to increase by approximately $0.3 million.

Following completion of the expansion, the parties will enter into a new 12 year lease of the Bunnings Warehouse with four, six-year options, exercisable by Bunnings. The rent will be reviewed annually to CPI and is subject to a market rent review at the exercise of each option. At the exercise of the first option, at the commencement of year 13, the revised rent can be no lower than the rent in the immediately preceding year, but may not increase by more than 10 per cent of the preceding year's rent. Thereafter, market rent reviews are subject to a 10 per cent cap and collar, meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year's rent.

RENT REVIEWS

The rent payable for each leased property is increased annually, either by a fixed percentage or by the CPI, except when a property is due for a market review. Market reviews occur for most of the Trust's Bunnings Warehouses every five years from the date of the commencement of the lease. The market rental is determined according to generally accepted rent review criteria, based on rents paid at comparable properties in the market.

ANNUAL ESCALATIONS

During the year, 94 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 2.7 per cent in the annual rent for these properties.

MARKET RENT REVIEWS

During the year, market rent reviews were concluded on 17 Bunnings Warehouses and three showroom tenancies. Market rent reviews for five of the Trust's Bunnings Warehouses due during the year are still being negotiated and remain unresolved.

The results of the completed market rent reviews are shown in the table on the following page.

Market rent reviews results summary

Property location	Customer	Passing rent ($ pa)	Market review ($ pa)	Variance (%)	Effective date
Balcatta, WA[1]	Bunnings	1,841,264	2,170,000	17.9	24-Sep-13
Altona, VIC[1]	Bunnings	1,089,650	1,122,339	3.0	24-Sep-13
Burleigh, QLD[1]	Bunnings	1,479,587	1,648,000	11.4	22-Oct-13
Underwood, QLD[1]	Bunnings	1,369,988	1,527,500	11.5	22-Oct-13
Southport, QLD[1]	Bunnings	1,457,667	1,648,000	13.1	10-Nov-13
Port Macquarie, NSW[1]	Bunnings	876,852	960,000	9.5	17-Nov-13
Tuggeranong, ACT[1]	Bunnings	1,527,708	1,725,000	12.9	1-Dec-13
Epping, VIC[1]	Bunnings	1,181,865	1,235,000	4.5	12-Mar-14
Cannon Hill, QLD[1]	Bunnings	2,044,814	2,382,864	16.5	1-Apr-14
Lismore, NSW[1]	Bunnings	890,979	935,000	4.9	20-Apr-14
Bayswater, VIC[1]	Bunnings	1,656,983	1,820,000	9.8	21-Apr-14
Browns Plains, QLD[1]	Bunnings	1,520,912	1,668,340	9.7	7-May-14
Thornleigh, NSW	Bunnings	1,320,622	1,320,622	0.0	6-Sep-14
Hoxton Park, NSW	Bunnings	2,358,746	2,323,000	(1.5)	3-Oct-14
Maitland, NSW	Bunnings	1,287,329	1,350,000	4.9	18-Oct-14
Albany, WA	Bunnings	824,016	848,000	2.9	1-Nov-14
Bibra Lake, WA	Bunnings	1,647,203	1,647,203	0.0	1-Nov-14
Gladstone, QLD	Pets West Online	114,252	154,275	35.0	16-Dec-14
Gladstone, QLD[2]	Betta Electrical	203,851	227,150	11.4	14-Mar-15
Coburg, VIC	Café	58,493	58,493	0.0	1-Apr-15
Weighted Average				**8.2**	

1 The market rent review was due during the year ended 30 June 2014, but the outcome of the negotion/determination was only completed during the year ended 30 June 2015

2 The parties have agreed a new year lease for a term of 10 years in conjunction with negotiating the market rent review

LIKE-FOR-LIKE RENTAL GROWTH

Excluding rental income from properties acquired or upgraded during or since the previous corresponding period, rental income increased by approximately 2.6 per cent for the 12 months to 30 June 2015 (compared to 4.0 per cent for the 12 months to 30 June 2014, which was previously disclosed as a 2.5 per cent increase, but has now been updated following the finalisation of the 12 market rent reviews related to that period).

The five unresolved market reviews at 30 June 2015 are not included in the calculation of like-for-like rental growth for the year.

OCCUPANCY

As at 30 June 2015, the portfolio was 100 per cent leased, with a weighted average lease expiry ("WALE") of 6.6 years.

It is the nature of the Bunnings business model that its property requirements for some locations change over time as is the case for seven properties in the property investment portfolio. These properties are highlighted in the Portfolio rental summary that follows. In all cases, Bunnings has or is in the process of re-locating to a new nearby site in the same demographic area. In all cases, the properties remained leased to Bunnings for a minimum period to February 2018, and for one property until September 2021. For any Bunnings Warehouse or standalone industrial site vacancies, the Trust gives full consideration to re-leasing the property, reinvesting in it to enhance rental outcomes, or divesting it, to provide the best overall outcome for the Trust. In relation to the Altona property, the Trust has entered into an option agreement, exercisable by 31 July 2016, with the adjoining owner Folkestone, for Folkestone to acquire the Altona property. The existing lease on the property to Bunnings remains in place until the option is exercised, or failing the exercise of the option until September 2018.

PROPERTY REVALUATIONS

The entire Trust portfolio was revalued at 31 December 2014 and again at 30 June 2015, including 23 property revaluations performed by independent valuers (12 at 31 December 2014 and 11 at 30 June 2015). Properties not independently revalued at each balance date are subject to internal valuations, with an independent valuer reviewing the methodology adopted. Factors that may affect the valuation of properties from time to time include: the supply of and competition for investment properties; leasing market conditions; the quality and condition of the particular property, including the duration of the lease; and the level of rent paid at the property compared with the broader market.

The value of the Trust's portfolio increased by $162.3 million to $1,981.3 million during the year following: acquisitions of $18.3 million, developments and capital expenditure of $106.3 million, less net proceeds from divestments of $70.8 million, and a net revaluation gain of $108.5 million during the year.

The net revaluation gain was due to growth in rental income and an average decrease in capitalisation rates across the portfolio during the year. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2015 was 7.33 per cent (December 2014: 7.41 per cent; June 2014: 7.59 per cent).

OUR PROPERTY PORTFOLIO

WESTERN AUSTRALIA
Total Land Area: 46.9 ha

17 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sq m	$000	$m
Albany[3]	13,660	848	13.2
Australind	13,421	1,250	17.9
Balcatta	25,439	2,235	34.4
Belmont	10,381	1,407	20.1
Bibra Lake	13,977	1,647	21.3
Cockburn	12,839	1,576	22.5
Ellenbrook	15,337	1,766	25.2
Geraldton	17,874	1,299	16.2
Geraldton Showrooms	1,511	243	3.2
Harrisdale	17,124	2,130	27.5
Joondalup[7]	13,358	1,458	17.7
Mandurah	12,097	1,517	20.2
Midland	13,694	1,611	22.2
Mindarie[7]	14,479	1,611	22.2
Morley	9,852	1,290	16.9
Port Kennedy	11,675	1,480	19.1
Rockingham	17,179	1,634	22.5
Total	**233,897**	**25,003**	**342.3**

VICTORIA
Total Land Area: 82.6 ha

24 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sq m	$000	$m
Altona[4,7]	9,254	1,155	16.4
Bayswater	17,677	2,325	31.6
Broadmeadows	12,765	1,796	24.8
Caroline Springs	14,319	1,632	23.3
Coburg	24,728	4,724	60.0
Craigieburn	16,764	1,530	21.9
Croydon	13,292	1,841	26.3
Dandenong	12,313	1,572	19.0
Epping[7]	12,027	1,256	15.0
Fountain Gate	12,624	1,469	21.0
Frankston	13,843	2,013	27.8
Hawthorn	7,462	3,105	44.4
Maribyrnong	17,550	2,540	39.1
Mentone[7]	11,814	1,584	21.8
Mornington	13,324	1,608	22.2
Northland	14,460	1,877	26.8
Nunawading[5]	14,766	2,290	36.8
Oakleigh South	16,949	1,930	22.7
Pakenham	14,867	1,823	23.3
Port Melbourne	13,846	2,003	30.0
Scoresby	12,515	1,857	25.6
Springvale	13,458	1,906	28.2
Sunbury	15,185	1,711	24.4
Vermont South	16,634	2,167	28.9
Total	**342,436**	**47,713**	**661.3**

NEW SOUTH WALES & AUSTRALIAN CAPITAL TERRITORY
Total Land Area: 56.3 ha

19 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sq m	$000	$m
AUSTRALIAN CAPITAL TERRITORY			
Fyshwick[6]	6,648	1,209	18.9
Tuggeranong	11,857	1,765	25.2
Total	**18,505**	**2,974**	**44.1**
NEW SOUTH WALES			
Artarmon	5,746	1,647	23.5
Belmont North	12,640	955	10.6
Belrose	8,888	2,039	29.1
Blacktown (Blackwoods)	8,346	720	6.6
Dubbo	16,344	1,448	17.7
Greenacre	14,149	2,475	35.4
Hoxton Park	26,508	3,476	43.4
Lismore	10,076	951	11.6
Maitland	12,797	1,350	16.4
Minchinbury	16,869	2,710	38.7
Port Macquarie	8,801	989	11.6
Rydalmere	16,645	2,894	42.9
Thornleigh	5,301	1,321	17.6
Villawood	10,886	1,639	20.5
Wagga Wagga	13,774	1,351	17.4
Wallsend	16,863	1,917	28.4
Wollongong	10,811	1,419	17.2
Total	**215,444**	**29,298**	**388.6**

SOUTH AUSTRALIA

Total Land Area: 5.9 ha

2 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sq m	$000	$m
Mile End	14,888	2,051	34.0
Noarlunga	15,054	1,482	18.5
Total	**29,942**	**3,533**	**52.5**

QUEENSLAND

Total Land Area: 67.1 ha

20 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sq m	$000	$m
Arundel	15,588	2,184	29.8
Bethania	13,494	1,776	24.2
Brendale	15,029	1,878	26.8
Browns Plains	18,398	2,961	32.6
Burleigh Heads[7]	12,428	1,698	17.5
Cairns[7]	12,917	1,274	11.5
Cannon Hill	16,556	2,424	33.3
Fairfield Waters	13,645	1,564	20.4
Gladstone	21,511	3,113	34.0
Hervey Bay	11,824	1,218	14.1
Manly West	13,021	2,050	29.1
Morayfield	12,507	1,676	23.8
Mount Gravatt	11,824	1,163	13.6
North Lakes	18,861	2,493	35.0
Rocklea	14,403	2,036	28.2
Smithfield	13,094	1,463	18.8
Southport	12,431	1,698	22.0
Townsville North	14,038	1,591	21.9
Underwood	12,245	1,574	18.8
West Ipswich	14,977	2,275	31.4
Total	**288,791**	**38,107**	**486.8**

TOTAL

Total Land Area: 258.8 ha

82 Locations

As at 30 June 2015	Gross lettable area[1]	Annual rental[2]	Value
All	sq m	$000	$m
Grand Total	**1,129,015**	**146,628**	**1,975.6[8]**

Note: Totals and Grand Total adjusted for rounding

1 For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse
2 Annual rental figures do not include access fees detailed below
3 Includes adjoining land (1.2 hectares) for which Bunnings Group Limited pays the Trust an access fee of $211,882 per annum
4 Includes additional land (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of $221,636 per annum
5 Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of $126,935 per annum
6 Includes adjoining property (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of $301,020 per annum
7 Sites that Bunnings has or is in the process of vacating, that are still leased to Bunnings
8 An additional amount of $5.7 million is reflected in the statutory accounts representing developments under construction as at 30 June 2015

Refer to the Property Information section of our website for further details on each property including the land area by site

SUSTAINABILITY

During the year the Trust continued to imbed its sustainability principles in all aspects of how it does business, in particular, the assessment of new property acquisitions, choices on materials utilised, and consideration of opportunities to improve the energy efficiency of its property assets.

OUR SUSTAINABILITY PRINCIPLES, PROGRESS AND PRIORITIES

The Trust is committed to acting responsibly and ethically, and operating its business in a manner that is sustainable. Principles based on the United Nations Principles for Responsible Investment, have been developed for incorporating environmental, social and governance ("ESG") issues in to how the Trust conducts its business, and are embedded in policies, practices and processes.

The Trust's approach takes into account the size and nature of the Trust's operations and the relatively modest actual or potential impacts on the environment and society.

Environmentally, the Trust's ownership and management of established commercial property is considered to be low in intensity in terms of emissions, waste, and use of energy and materials, and low impact on biodiversity.

Social and governance impacts are limited due to the passive nature and localised scope of the Trust's operations and the regulated environment in which it operates.

SUSTAINABILITY PRINCIPLE	PROGRESS DURING THE YEAR	FUTURE PRIORITIES
Pro-active management of existing assets	All investment proposals put to the board during the year expressly considered ESG issues	Continue to refine and develop ESG assessment criteria for investment analysis and decision making
ESG in asset ownership and resource use	Roof access and safety improvements completed for the Hoxton Park and Coburg properties, improving the safety and amenity of people having to access the roof areas and helping to maintain the longer-term condition of the properties A further 15 air conditioning units were replaced to phase out ozone depleting models and initiatives introduced to improve efficiency of air conditioning units All new stores developed or acquired by the Trust were equipped with a water re-cycling capability, with built in tanks to capture roof water run-off, and also LED lighting in car parks and nursery areas	Continue programme for phasing out ozone depleting air conditioning Assess opportunities to roll back energy efficient LED lighting into existing buildings, and also roof based solar panels as cost effective technology becomes increasingly available
Customer and supplier engagement	Continue dialogue with Bunnings regarding its sustainability initiatives, particularly in relation to reducing energy consumption through the upgrade of lighting in existing stores to energy efficient LED technology	Continue to engage with the Trust's customers in relation to sustainability initiatives, particularly LED lighting, and solar energy capture
ESG reporting	Responded to the 2015 Carbon Disclosure Project survey	Broaden scope of ESG disclosure to other relevant and material topics
Build knowledge and understanding	Ongoing education of the management team in property related sustainability matters	Focus on the energy efficiency aspects of LED lighting and solar roof panel technology

Further detail on the Trust's approach to sustainability is available in the Sustainability section, under the About Us tab, of the Trust's website.

LED Lighting in the Nursery: Sunbury, VIC

BOARD OF DIRECTORS

JOHN AUSTIN, AGE: 69

ASSOC DIP VAL, FAPI (VAL&ECON)

Chairman, Non-executive external director

- Member of the Audit and Risk Committee
- Chairman of the Remuneration and Nomination Committee

Joined the board in 2004 and was appointed Chairman in December 2007. John has been actively involved in professional property investment markets for over 44 years, during which he has been a proprietor of Jones Lang Wootton and an advisor in institutional property markets.

He was the Managing Director of GRW Property Ltd, the sponsor and manager of the National Industrial Property Trust that listed in 1993 and was on a number of industry boards and committees.

Currently he is Executive Chairman of Ringmer Pacific Pty Ltd, a private property investment company. He was a non-executive director of the MREEF series of unlisted private property funds, managed by Macquarie Bank and Chairman of Leighton Properties Pty Ltd.

JOHN ATKINS, AGE: 60

LL.B, LL.M, FAICD

Non-executive external director

- Member of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee

Joined the board in April 2014. John is a professional company director and has had a career as a corporate lawyer spanning more than 26 years including Head of Office, Freehills, in Perth and Melbourne. He has significant experience in listed company governance, finance, M&A advice and corporate transactions.

John is a Fellow of AICD, and he holds an LL.B from the University of Western Australia and an LL.M from London University.

John was previously the Chairman, Western Australia, of ANZ Bank and is a non-executive director of listed entity Australian Finance Group Ltd and is Chairman of Lotterywest.

Past listed company directorships held in the last three years include Breakaway Resources Ltd and Aurora Oil & Gas Limited. He was also a director of listed company Minotaur Exploration Limited until 30 June 2015.

Due to his appointment by the Western Australian government as Agent General for Western Australia, resident in London, John has given notice to the Board that he will be resigning from the Board on 31 August 2015.

ERICH FRAUNSCHIEL, AGE: 69

BCOM (HONS), FCPA, FAICD,

Non-executive external director

- Member of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee

Joined the Board in February 2015. A professional non-executive director since 2002, Erich has held board positions with a number of listed and unlisted companies. He is currently a director of WorleyParsons Limited, a global engineering, project management and advisory company.

Past directorships include Woodside Petroleum Limited, Wesfarmers General Insurance Limited, Rabobank Australia Limited, Rabobank New Zealand Limited, West Australian Newspapers Holdings Limited and Foodland Associated Limited.

Until his retirement in 2002, Erich was a senior executive of Wesfarmers Limited, including Executive Director and Chief Financial Officer. Prior to this he was involved in investment banking, project lending and venture capital investment.

FIONA HARRIS, AGE: 54

BCOM, FCA, FAICD

Non-executive external director

- Chairman of the Audit and Risk Committee
- Member of the Remuneration and Nomination Committee

Joined the board in October 2012. A professional non-executive director for the past 20 years, Fiona has held board positions for over 26 companies, is a former member of the national board and a former WA State President of the Australian Institute of Company Directors.

Fiona is currently Chairman of Barrington Consulting Group Pty Ltd, director of ASX Listed companies Oil Search Limited, Infigen Energy Limited Group and Chairman of Toro Energy Limited; and Director of private company Perron Group Limited.

Past listed company directorships held in the last three years include Sundance Resources Limited, Aurora Oil & Gas Limited and Altona Mining Limited.

Fiona was previously a partner at Chartered Accountants, KPMG, specialising in financial services and superannuation, capital raising, due diligence, IPO's, capital structuring of transactions and litigation support.

RICK HIGGINS, AGE: 69

FAPI

Non-executive external director

> Member of the Audit and Risk Committee

> Member of the Remuneration and Nomination Committee

Joined the board in December 2007. Rick is a property professional with over 44 years' experience, having provided valuations and consultancy advice to a range of large institutional clients relating to a broad range of properties, including homemaker and bulky goods centres.

Before joining the board, Rick was the National Director, Business Development for Colliers International Consultancy & Valuation and, prior to this, he was employed by Jones Lang Wootton for 30 years as a National Director (formerly proprietor) responsible for the national valuation and consultancy division.

He is also a non-executive director of Charter Hall Direct Property Management Limited, a subsidiary of Charter Hall Group and the responsible entity for a number of unlisted retail funds that invest in office, industrial and retail properties.

TONY HOWARTH AO, AGE: 63

CITWA, HON.LLD (UWA), SF FIN, FAICD

Non-executive director

> Member of the Audit and Risk Committee

> Member of the Remuneration and Nomination Committee

Joined the board in October 2012. Tony is a life Fellow of the Financial Services Institution of Australia and has over 30 years' experience in the banking and finance industry. He has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited. He is a director of Wesfarmers Limited, having been appointed to that board in July 2007. He is also Chairman of ASX listed Mermaid Marine Australia Limited.

Tony is Chairman of St John of God Healthcare Inc, a Director of Alinta Holdings and a Fellow of AICD. He is Adjunct Professor (Financial Management) at the University of Western Australia Business School. Tony is also involved in a number of community and business organisations including membership of the Rio Tinto Community Investment Fund and the University of Western Australia Business School Advisory Board and Deputy Chairman of West Australian Rugby Union Inc.

MICHAEL STEUR, AGE : 56

FAPI, FRICS, FPINZ, MAICD

Non-executive external director

> Member of the Audit and Risk Committee

> Member of the Remuneration and Nomination Committee

Joined the Board in February, 2015. Michael, an experienced valuer by background, has over 30 years general property services experience covering all property types (including hotels, shopping centres and large format retail valuation and advisory), primarily in New Zealand and Australia, and more recently in Asia, including Hong Kong, China, Japan, Malaysia and Singapore. Between 1988 and 2009, he was a director of Richard Ellis Ltd New Zealand (now CBRE).

He moved to Sydney in 2001 to take control of CBRE's Australian and New Zealand valuation and advisory business. As well as property advisory, his experience at CBRE included strategic planning, business acquisitions, financial management, risk and compliance management and technology development. In 2009, he was appointed Executive Managing Director to head CBRE's Asia Pacific Valuation and Advisory services business. He retired from this role in June 2014 to pursue non-executive Board opportunities.

Michael has been a non-executive director of the New Zealand listed Kiwi Property Group Limited since 2010.

MICHAEL WEDGWOOD, AGE: 52

B.COM, MSC (FINANCE), GAICD

Managing Director

Appointed to the Board as Managing Director in February 2014.

Since joining Wesfarmers Limited in 1995 Michael has held a number of senior executive roles across the Wesfarmers Group including appointments as General Manager Finance and also as the Chief Financial Officer of Bunnings Group Limited for a period of nine years. Prior to joining the Trust, he held the role of Executive General Manager, Business Improvement for the Wesfarmers Group. Before joining Wesfarmers, he held finance roles with the HSBC Group in Perth, Hong Kong and Sydney.

Brendale, QLD

CORPORATE GOVERNANCE

The responsible entity is committed to fostering a strong governance culture using a framework based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles").

CORPORATE GOVERNANCE FOR THE RESPONSIBLE ENTITY AND THE TRUST

The governance framework is embedded in the Trust's compliance plan (referred to under the heading Risk control and compliance on page 27) to ensure ethical behaviour and transparency and to protect unitholders' interests.

This statement outlines the main corporate governance practices as they relate to the responsible entity and to the Trust. These practices were in place throughout the year and at the date of this report.

Some of the recommendations in the ASX Principles require modification when applied to externally managed listed entities like the Trust. Investors in an externally managed listed entity generally invest in the listed entity on the basis of the management expertise of the responsible entity.

In some instances the disclosures in relation to the recommendations are made in relation to the responsible entity in its corporate capacity. In other instances the disclosures relate to the listed entity (the Trust) being managed by the responsible entity. Several recommendations have been acknowledged in the ASX Principles as not being applicable to externally managed entities. For example in Principle 1 where it is a requirement to disclose the respective roles and responsibilities of the Board and management or to have a diversity policy are not applicable. Similarly there are recommendations in Principle 2 concerning Board structure, Principle 4 concerning AGMs, and Principle 8 relating to director and executive remuneration which are not applicable.

Notwithstanding, wherever it is possible to provide additional disclosures that demonstrate the Board's and the responsible entity's commitment to a strong governance culture, these have been included in this statement.

RELATIONSHIP BETWEEN THE RESPONSIBLE ENTITY AND WESFARMERS

The responsible entity is a wholly owned subsidiary of Wesfarmers. The responsible entity is responsible for managing the affairs of the listed entity which is the BWP Trust. In return, the Trust pays a management fee to the responsible entity. The details of the management fee are set out in Note 2 in the notes to the financial statements. The Board of the responsible entity is responsible for overseeing the management arrangements between the responsible entity and the Trust. The key documents governing the management arrangements include the Compliance Plan and the Trust Constitution.

Other important relationships include:

> A majority of the property income of the Trust is received from wholly owned subsidiaries of Wesfarmers.

> The Trust has purchased property from Wesfarmers subsidiaries, and utilised a Wesfarmers subsidiary, Bunnings, as project manager on property developments.

> Wesfarmers is a substantial unitholder in the Trust, and details of Wesfarmers' unitholding can be found on page 55 of this report.

> All directors of the responsible entity are ultimately appointed by the sole shareholder, Wesfarmers Limited.

> The responsible entity and Wesfarmers have one director in common.

Further information regarding the relationship and transactions with Wesfarmers is detailed in Note 16 in the notes to the financial statements. Details of transactions with Wesfarmers are also provided in announcements released to ASX and published on the Trust's website.

ASX WAIVER

The Trust holds a waiver from the ASX ("waiver"), which allows the responsible entity to enter into certain leasing transactions on behalf of the Trust with Bunnings, a related party, without the need to obtain unitholder approval under Listing Rule 10.1.

The waiver is subject to certain conditions including disclosure of new leases, that lease agreements are substantially on the same terms and conditions established by the parties for leases of Bunnings Warehouse properties, and appropriate rent review provisions are in place.

The waiver was last renewed on 17 June 2014 and applies for six years.

ROLES OF THE BOARD AND MANAGEMENT

The respective roles and responsibilities of the Board and management are set out in the compliance plan.

The role of the Board of the responsible entity is to ensure that the Trust is managed in a manner that protects and enhances the interests of its unitholders and takes into account the interests of customers, suppliers, lenders and the wider community.

The Board has overall responsibility for corporate governance, including setting the strategic direction for the Trust, establishing goals for management and monitoring the achievement of these goals. The Board's responsibilities and duties include:

> adopting annual operating budgets for the Trust and monitoring progress against budgets;

> monitoring and overseeing the Trust's financial position;

> determining that satisfactory arrangements are in place for auditing the Trust's financial affairs;

> ensuring that all transactions with Wesfarmers and other related parties are carried out at arm's length, including obtaining independent valuation support for property related transactions;

> reviewing the level and adequacy of services provided by external service providers including services provided by Wesfarmers;

> ensuring that appropriate policies and compliance systems are in place, and that the responsible entity and its officers act legally, ethically and responsibly on all matters; and

> complying with the statutory duties and obligations as imposed by law.

The board has delegated responsibility for the day-to-day management of the Trust to the Managing Director.

The separation of responsibilities between the board and management is clearly understood and respected.

COMPLIANCE COMMITTEE

The responsible entity of a registered scheme must establish a compliance committee if less than half of the directors of the responsible entity are external directors.

Under section 601JA of the Act, a director of the responsible entity is an external director if they:

a. are not, and have not been in the previous two years, an employee of the responsible entity or a related body corporate;

b. are not, and have not been in the previous two years, a senior manager of a related body corporate;

c. are not, and have not been in the previous two years, substantially involved in business dealings, or in a professional capacity, with the responsible entity or a related body corporate;

d. are not a member of a partnership that is, or has been in the previous two years, substantially involved in business dealings, or in a professional capacity, with the responsible entity or a related body corporate;

e. do not have a material interest in the responsible entity or a related body corporate; and

f. are not a relative of a person who has a material interest in the responsible entity or a related body corporate.

It is the responsible entity's policy that the Board should have a majority of non-executive directors and that not less than half of the directors are external (as defined under section 601JA of the Act).

The Board composition is consistent with this policy, and as such a compliance committee is not required.

BOARD COMPOSITION

Under the Trust's compliance plan, the Board of the responsible entity should comprise a sufficient number of directors (not less than four) to ensure the balance of skills, knowledge and experience required. The Board is currently comprised of one executive director, and seven non-executive directors, six of whom meet the external director requirements of section 601JA of the Act.

Under a board succession plan developed in 2012, the board has been undertaking an orderly renewal programme of its members which has ensured not only that the Board maintains the complementary skillsets required following director retirements, but that there is also an appropriate weighting between the numbers of recently appointed directors on the Board and directors who have several years' valuable experience with the Trust.

As part of the succession plan, two additional directors, Erich Fraunschiel and Michael Steur were appointed to the Board in February 2015. Mr Fraunschiel will succeed John Austin as Chairman following Mr Austin's retirement at the end of 2015.

Under the provisions of the Trust compliance plan, Wesfarmers may nominate one director to the responsible entity Board. Tony Howarth was nominated by Wesfarmers Limited and has been a board member since 2012.

The Chairman is an external director. The roles of the Chairman and the Managing Director are not held by the same individual.

Details of directors in office at the date of this report, including age, qualifications and experience, are set out on pages 20 to 21 of this report.

DIRECTOR SKILLS, EXPERIENCE AND ATTRIBUTES

In considering potential candidates for appointment to the Board, the Board considers the following factors:

> the skills, knowledge and experience of the person which are relevant to the role of director of the responsible entity;

- > the extent to which the skills, knowledge and experience of the person (and additional qualities that add to the diversity of the Board) complement the qualifications, expertise and experience of incumbent directors;
- > the professional and personal reputation of the person; and
- > any person nominated as an executive director must be of sufficient stature and security of employment to express independent views on any matter.

A Board skills matrix was developed by the Board in 2012 and has been referred to extensively during the Board renewal process that has been underway since 2012. Expertise identified as key or complementary are shown in Table 1. All of these competencies are represented on the current responsible entity board.

Table 1: Skills and experience

Key skills and experience	Complementary skills and experience
Property experience in the REIT sector	Commercial
ASX listed entity experience	Executive/business leadership
Financial acumen	Property valuations
Governance & regulatory compliance	Board experience

In addition to the skills and experience in Table 1, the Board expects its directors to have fundamental qualities such as honesty and integrity, interpersonal skills, good instincts and judgement, and a commitment to contribute and create value for unitholders.

All non-executive directors are expected to voluntarily review their membership of the Board from time to time taking into account length of service, age, qualifications and expertise relevant to the responsible entity's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the responsible entity and the Trust.

In addition, each quarter, all non-executive directors are required to review the number of directorships that they hold and confirm that they are able to devote sufficient time and attention to properly fulfil their duties and responsibilities to the Board of the responsible entity.

NEW APPOINTMENTS PROCESS

Two additional directors were appointed to the Board during the year. Prior to their appointments, appropriate checks were undertaken with regard to character, experience, education, criminal record and bankruptcy history. No adverse information was revealed by the checking process. The responsible entity has a written agreement with each director setting out the terms of their appointment.

Both directors met with the Board and management prior to their appointments and were provided with extensive induction materials to assist them to perform their roles effectively from inception.

DIRECTOR INDEPENDENCE

The rules and regulations applicable to managed investment schemes rely on the "external" director component of a responsible entity board (or its compliance committee) to ensure there is an adequate level of independence on the board.

It is the responsible entity's policy that the board composition will comprise a majority of non-executive directors who meet the external director requirements and who the Board considers are able to bring an independent view to the Board's deliberations.

Six of the responsible entity's eight directors are considered by the Board to be external directors as defined by section 601JA of the Act (refer Compliance Committee above for section 601JA requirements). Of the seven non-executive directors, Tony Howarth is the one exception by virtue of his directorship on the Wesfarmers Limited Board.

In making an assessment of each director's "external" status, the Board considers all relevant facts and circumstances. It takes into account if a director has any of the relationships or interests described under section 601JA of the Act and whether that relationship or interest is material.

The test of whether a relationship or interest is material is based on the nature of the relationship or interest and on the circumstances and activities of the director. Materiality is considered from the perspective of the Trust, the persons or organisations with which the director is associated, and from the perspective of the director.

The Board reviews the "external" status of its directors before they are appointed, on an annual basis, and at the commencement of any significant transactions requiring unitholder approval.

In the Board's review of each of the directors in office at the date of this report the following deliberations were made in respect of Tony Howarth.

Tony Howarth was nominated to the Board by Wesfarmers Limited and is a director on the Wesfarmers Limited Board. For these reasons, Mr Howarth is not eligible to be considered an "external" director of the responsible entity. However, Mr Howarth is not on the Bunnings Group Limited Board (the Wesfarmers entity with which the Trust conducts most of its related party transactions), and he has no direct involvement with that business. Accordingly, the responsible entity's Board is satisfied there are few instances under which his dual board roles are likely to create a conflict of interest for him. Where significant transactions between Bunnings and the Trust require both unitholder approval and Wesfarmers Board approval, Mr Howarth limits his participation on one, or both, of the boards in relation to that transaction in order to appropriately deal with any perceptions of a conflict of interest.

Overall, the Board is satisfied that all directors bring an independent judgement to bear on Board decisions in relation to the affairs of the Trust and its unitholders, but the Board also accepts there is a need to manage the potential for any perception that Tony Howarth's dual board roles could lead to a conflict of interest in some circumstances.

INDEPENDENT PROFESSIONAL ADVICE

Subject to prior approval of the Chairman, directors may obtain independent professional advice at the expense of the responsible entity on matters arising in the course of their Board duties.

BOARD MEETINGS

As provided for in the Trust's compliance plan, the Board holds at least six scheduled meetings each year, although additional meetings may be called as and when required.

During the year the Board held six meetings including two interstate site tours.

Table 2: Directors' meeting attendances

	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
Director	Held	Attended	Held	Attended	Held	Attended
JA Austin	6	6	3	3	3	3
JK Atkins	6	6	3	3	3	3
E Fraunschiel[1]	3	3	2	2	1	1
FE Harris	6	6	3	3	3	3
RD Higgins	6	6	3	3	3	3
AJ Howarth	6	5	3	2	3	2
MJG Steur[1]	3	3	2	2	1	1
MJ Wedgwood	6	6	-	-		-

[1] Joined 1 February 2015

TRADING IN UNITS

Trading in the Trust's securities by directors, employees and contractors of the responsible entity is restricted under the responsible entity's Securities Dealing Policy and applicable statutory regulations.

The policy is published on the Trust's website.

REMUNERATION AND NOMINATION COMMITTEE

The Board has a formally constituted Remuneration and Nomination Committee.

The committee consists of all the non-executive directors and is chaired by the Chairman of the Board.

The role of the Committee includes board succession planning, the development and implementation of processes for evaluating the performance of the Board and its committees and the process for the recruitment of new directors.

A copy of the Remuneration and Nomination Committee Charter is available on the Trust's website.

During the year the committee held three meetings. A table showing member attendance records has been included with this statement.

AUDIT AND RISK COMMITTEE

The compliance plan outlines the processes for reporting, audit and risk management.

The Board has a formally constituted Audit and Risk Committee. A copy of the Audit and Risk Committee Charter is available on the Trust's website.

The role of the committee is to assist the Board in the effective discharge of its responsibilities relating to the Trust's financial and compliance reporting, risk management, internal controls and external, internal and compliance audits.

The committee consists of all the non-executive directors and is chaired by an external director, who is not the chairman of the Board. The Committee Chairman has an audit and financial services background and all other members have a sound understanding of financial reporting matters.

During the year the committee held three meetings. A table showing member attendance records has been included with this statement.

Australind, WA

RISK CONTROL AND COMPLIANCE

As a registered managed investment scheme, the responsible entity has a compliance plan that has been lodged with the Australian Securities and Investments Commission (ASIC) and a copy of the compliance plan can be obtained from ASIC.

The compliance plan is reviewed comprehensively every year to ensure that the way in which the responsible entity operates protects the rights and interests of unitholders and that business risks are identified and properly managed.

In particular, the compliance plan establishes processes for:

> identifying and reporting breaches of, or non-compliance with, the Corporations Act, the compliance plan, the constitution of the Trust and the responsible entity's Australian Financial Services Licence;

> complying with the ASX Listing Rules;

> protecting Trust property;

> ensuring proper acquisition and disposal practices are followed in regard to Trust property;

> ensuring the timely collection of Trust income;

> completing regular valuations of Trust property;

> the maintenance of financial and other records to facilitate preparation of audited/reviewed financial reports;

> ensuring proper and timely distributions to unitholders;

> complying with the Trust's investment objectives;

> managing investment risk;

> managing potential conflicts of interest with the various related parties of the Trust;

> holding and maintaining adequate insurance cover;

> ensuring that borrowing occurs only within permitted limits and ensuring that borrowing terms are complied with; and

> handling complaints relating to the Trust.

KPMG, the external auditor of the compliance plan, has completed its annual audit for the year ended 30 June 2015. No material breaches of the plan were identified as a result of this audit.

The Audit and Risk Committee is also responsible for assisting the board in overseeing the Trust's risk management framework. The committee is responsible for reviewing the effectiveness of the framework at least annually to satisfy itself that it continues to be sound. A review was conducted during the reporting period.

In addition to the compliance plan, the responsible entity has in place a number of risk management controls which include the following:

> risk management policy and risk register, with regular risk reviews;

> guidelines and limits for the approval of capital and operating expenditure;

> policies and procedures for the management of financial risk, including exposure to financial instruments and movement in interests rates; and

> an insurance and risk management programme.

INTERNAL AUDIT

The Audit & Risk Committee periodically assesses the requirement for an internal audit function. The Committee considers such factors as complexity, diversity and scale of the Trust's activities, the number of employees and corporate culture, as well as organisational activities or unacceptable trends that would indicate a requirement for an internal audit function. The Board also takes into account other service providers providing assurances to the responsible entity, such as independent experts, independent valuers, legal advisers, external and compliance auditors, quarterly compliance manager reviews and environmental specialists. A review was conducted during the reporting period, and it was determined that an independent audit function was not warranted.

Manly West, QLD

West Ipswich, QLD

MANAGING DIRECTOR'S STATEMENT

Before the Board approves the Trust's financial statements for a financial period, it receives from its Managing Director a declaration that in his opinion, the financial records of the Trust have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Trust and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The declaration was provided for both the half-year results to 31 December and the year end results to 30 June and met the requirements of section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

REVIEW OF BOARD AND COMMITTEE PERFORMANCE

The Board and its committees participate in performance evaluations on average every two years.

The last Board performance evaluation was completed in December 2013. A review was not conducted during the reporting period. The next review is due in the second half of calendar year 2015.

REMUNERATION POLICIES

The right of the responsible entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust and disclosed in Note 2 to the financial statements in this report. The constitution is available from ASIC and is available to unitholders on request.

REMUNERATION OF NON-EXECUTIVE DIRECTORS AND EXECUTIVES

Remuneration expenses of the responsible entity are not borne by the Trust. Directors are remunerated by the responsible entity, and management services are provided to the responsible entity by Wesfarmers. Wesfarmers employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers. Short term incentives paid by Wesfarmers to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

For the financial year ended 30 June 2015, each non-executive director was entitled to a director's fee. Non-executive directors do not receive options or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Details of the remuneration policy for directors are disclosed in Note 17(b) to the financial statements.

COMPANY SECRETARY

Karen Lange is the Company Secretary to the responsible entity. She is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors. She has extensive experience across the mining, industrial and financial services industry sectors and more than 25 years company secretarial experience, including company secretary of Woodside Petroleum Limited and Wesfarmers Limited. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the Company Secretary for advice and services.

RIGHTS OF UNITHOLDERS

The responsible entity respects the rights of the Trust's unitholders and ensures that appropriate information is provided to them via the annual report, half-year report, ASX announcements, the Trust's website and at periodic unitholder meetings.

In addition, prompt responses are provided to unitholders who contact the responsible entity with questions concerning the Trust's activities. Unitholders can also attend the investor teleconferences following the release of half and full-year results. Recordings of these teleconferences are retained on the website for a reasonable period.

The responsible entity utilises the services of Computershare, a professional share registry service provider with a progressive approach to online security holder services. Unitholders are provided with options to receive communications from, and send communications to, the Trust and the registry electronically.

The responsible entity has a pro-active investor relations program which includes engaging with institutional investors, private investors, sell-side and buy-side analysts, the financial media

Minchinbury, NSW

and security holder representative groups. The primary objective of the investor relations program is to allow investors and other financial market participants to gain a greater understanding of the Trust's business, governance, financial performance and prospects relative to the market and other Australian REITs.

Listed trusts established in Australia as registered managed investment schemes are not required by the Corporations Act to have an AGM. As a general rule, unitholder meetings are held when required to approve significant related party transactions and amendments to the Trust's Constitution.

DIVERSITY

The requirement for a listed entity to have and to disclose a diversity policy is not applicable to externally managed listed entities. The Trust is an externally managed listed entity and does not have any direct employees.

The responsible entity Board and seven personnel are subject to the Wesfarmers diversity policy. To the extent that it can with a small team, the responsible entity is committed to working within the guiding principles and objectives set out in the Wesfarmers diversity policy. This is demonstrated daily by its support for flexible working arrangements as required to enable its team members to meet important family responsibilities, and in so doing attracting a high calibre team.

CONFLICTS MANAGEMENT POLICY

The Trust's compliance plan sets out the Conflicts Management Policy, including the procedure for managing conflicts of interest. The policy applies to all directors and officers of the responsible entity.

The policy identifies circumstances where conflicts of interest may arise and outlines the requirement to evaluate conflicts, control or avoid conflicts, and disclose relevant conflicts of interest. The policy also sets out who is responsible for managing conflicts and addresses the requirement to monitor, review, and have appropriate approval of the conflicts management policy.

The board has also adopted a Directors' Conflict of Interests Policy that governs the disclosure of directors' interests and procedures for managing conflicts. This policy is available on the website.

CONTINUOUS DISCLOSURE AND COMMUNICATIONS WITH UNITHOLDERS

The responsible entity has systems in place to ensure timely disclosure of price sensitive information to the market. Officers of the Trust receive training on their continuous disclosure obligations and all announcements made to the market, including information provided to analysts, are posted to the Trust's website.

The Continuous Disclosure and Market Communications Policy is available on the website.

To enhance communication with unitholders, important information including details of the Trust's properties, financial performance, ASX announcements, governance practices, distribution history and the Trust's complaints handling procedure can be found on the Trust's website.

The responsible entity provides advance notification of teleconferenced investor briefings following results announcements and makes these accessible for all investors.

ETHICS AND CONDUCT

The responsible entity adheres to the Wesfarmers Limited code of conduct that sets out minimum acceptable standards of behaviour to ensure that dealings by all employees including directors are conducted with integrity and honesty, and that the highest standards of corporate behaviour and accountability are maintained. This Code is available on the Wesfarmers Limited website.

SUSTAINABILITY

The responsible entity is committed to acting responsibly and ethically and operating its business in a manner that is sustainable. The extent to which the Trust has a material exposure to economic, environmental and social sustainability risks, and how it manages or intends to manage those risks is disclosed in the Managing Director's Report under Risk Considerations. Further information on the Trust's sustainability principles and practices are provided on page 18.

Maribyrnong, VIC

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	June 2015 $000	June 2014 $000
Revenue	1	**144,877**	127,426
Expenses			
Finance costs	2	**(25,816)**	(20,901)
Responsible entity's fees	2	**(11,071)**	(8,567)
Other operating expenses	2	**(6,419)**	(5,990)
Total expenses		**(43,306)**	(35,458)
Profit before gains on investment properties		**101,571**	91,968
Realised gains on disposal of investment properties	6	**371**	-
Unrealised gains in fair value of investment properties	6	**108,137**	57,113
Profit attributable to the unitholders of BWP Trust		**210,079**	149,081
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges:			
- Realised losses transferred to profit or loss		**5,290**	5,421
- Unrealised losses on cash flow hedges		**(4,186)**	(4,952)
Total comprehensive income for the year attributable to the unitholders of BWP Trust		**211,183**	149,550
Basic and diluted earnings (cents per unit) resulting from profit	12	**32.84**	24.34

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	June 2015 $000	June 2014 $000
ASSETS			
Current assets			
Cash	3	**32,445**	12,045
Receivables and prepayments	4	**4,233**	6,351
Assets held for sale	5	**16,357**	53,496
Total current assets		**53,035**	71,892
Non-current assets			
Investment properties	6	**1,964,915**	1,765,480
Total non-current assets		**1,964,915**	1,765,480
Total assets		**2,017,950**	1,837,372
LIABILITIES			
Current liabilities			
Payables and deferred income	7	**27,363**	15,647
Derivative financial instruments		**392**	1,244
Distribution payable	8	**52,483**	49,991
Total current liabilities		**80,238**	66,882
Non-current liabilities			
Interest-bearing loans and borrowings	9	**485,401**	448,332
Derivative financial instruments		**10,551**	10,803
Total non-current liabilities		**495,952**	459,135
Total liabilities		**576,190**	526,017
Net assets		**1,441,760**	1,311,355
EQUITY			
Equity attributable to unitholders of BWP Trust			
Issued capital	10	**945,558**	924,786
Hedge reserve	11	**(10,943)**	(12,047)
Undistributed income		**507,145**	398,616
Total equity		**1,441,760**	1,311,355

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	June 2015 $000	June 2014 $000
Cash flows from operating activities			
Rent received		**162,950**	141,339
Payments to suppliers		**(19,408)**	(20,911)
Payments to the responsible entity		**(10,420)**	(8,095)
Finance income		**256**	470
Finance costs		**(25,553)**	(20,388)
Net cash flows from operating activities	3	**107,825**	92,415
Cash flows from investing activities			
Receipts from the sale of investment properties		**70,766**	-
Payments for purchase of, and additions to, investment properties		**(116,974)**	(379,465)
Net cash flows used in investing activities		**(46,208)**	(379,465)
Cash flows from financing activities			
Proceeds of borrowings		**37,069**	151,840
Proceeds from issue of units via pro-rata entitlement offer		**-**	200,156
Expenses incurred in pro-rata entitlement offer		**-**	(4,348)
Distributions paid		**(78,286)**	(59,616)
Net cash flows (used in)/from financing activities		**(41,217)**	288,032
Net increase in cash		**20,400**	982
Cash at the beginning of the financial year		**12,045**	11,063
Cash at the end of the financial year	3	**32,445**	12,045

The statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued capital $000	Hedge reserve $000	Undistributed income $000	Total $000
Balance at 1 July 2013	707,363	(12,516)	342,361	1,037,208
Profit attributable to unitholders of BWP Trust	-	-	149,081	149,081
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	469	-	469
Total comprehensive income for the year	-	469	149,081	149,550
Distributions to unitholders	-	-	(92,826)	(92,826)
Issue of units – Pro-rata entitlement offer	200,156	-	-	200,156
Issue of units – Distribution reinvestment plan	21,615	-	-	21,615
Expenses incurred in pro-rata entitlement offer	(4,348)	-	-	(4,348)
Total transactions with unitholders of BWP Trust	217,423	-	(92,826)	124,597
Balance at 30 June 2014 and 1 July 2014	**924,786**	**(12,047)**	**398,616**	**1,311,355**
Profit attributable to unitholders of BWP Trust	**-**	**-**	**210,079**	**210,079**
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	**-**	**1,104**	**-**	**1,104**
Total comprehensive income for the year	**-**	**1,104**	**210,079**	**211,183**
Distributions to unitholders	**-**	**-**	**(101,550)**	**(101,550)**
Issue of units – Distribution reinvestment plan	**20,772**	**-**	**-**	**20,772**
Total transactions with unitholders of BWP Trust	**20,772**	**-**	**(101,550)**	**(80,778)**
Balance at 30 June 2015	**945,558**	**(10,943)**	**507,145**	**1,441,760**

The statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

BWP Trust ("the Trust") is a for profit unit trust of no fixed duration, constituted under a Trust Deed dated 18 June 1998 as amended, and the Trust's units are publicly traded on the Australian Securities Exchange. The Trust is managed by BWP Management Limited ("the responsible entity"). Both the Trust and the responsible entity are domiciled in Australia.

The Trust has a policy to invest in well located, geographically diversified properties with long-term leases to substantial tenants, predominantly in the large format retail sector, with the purpose of providing unitholders with a secure, growing income stream and capital growth.

Under current Australian income tax legislation, the Trust is not liable for income tax, provided that its taxable income (including any realised capital gains) is fully distributed to unitholders each year.

ABOUT THIS REPORT

The financial report of the Trust for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors of the responsible entity on 5 August 2015. The directors have the power to amend and reissue the financial report.

The financial statements are a general purpose financial report which:

> has been prepared in accordance with the requirements of the Trust's constitution, the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB);

> has been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value;

> is presented in Australian dollars, which is the Trust's functional currency, and all values are rounded to the nearest thousand dollars ($000) under the option available to the Trust under ASIC Class Order 98/100, unless otherwise stated;

> adopts all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for financial reporting periods beginning on or before 1 July 2014. The adoption of these standards has given rise to additional disclosure but did not have a material effect on the financial statements of the Trust; and

> does not early adopt a number of new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective. The potential impact of the new standards, amendments to standards and interpretations has been considered and they are not expected to have a significant effect on the financial statements.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In applying the Trust's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations about future events that may have an impact on the Trust. Judgements and estimates which are material to the financial report are found in the following notes:

Note 6: Investment properties	Page 39 and 40
Note 13: Financial risk management	Page 46

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

SEGMENT INFORMATION

The Trust determines and presents its operating segment based on the internal information that is provided to the Managing Director, who is the Trust's chief operating decision maker.

The Trust operates wholly within Australia and derives rental income from investments in commercial warehouse properties and as such this is considered to be the only segment in which the Trust is engaged.

The operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated and to assess performance. There are no reconciling items that exist between the discrete financial information reviewed by the Managing Director and the financial statements relating to revenue, profit or loss, assets and liabilities or other material items.

1. REVENUE

	June 2015 $000	June 2014 $000
Rental income	142,533	122,857
Other property income	2,088	4,099
Finance income	256	470
Revenue	**144,877**	127,426

Recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured using the following criteria:

Rental and other property income

Rental and other property income is recognised at the amount and when due under the terms of the lease. All fixed, Consumer Price Indices-linked and market rent review increases are recognised in income from the date that these are due in accordance with the respective lease terms. This is done to ensure that rental income is matched with the associated cash flows over the term of the lease.

Finance income

Finance income is interest income on bank deposits and is recognised as the interest accrues, using the effective interest method.

2. EXPENSES

	June 2015 $000	June 2014 $000
Interest expense on bank debt facilities	20,526	15,480
Interest expense on interest rate swaps	5,290	5,421
Finance costs	**25,816**	20,901
Responsible entity's fees	**11,071**	8,567
Non-recoverable property costs[1]	5,733	4,716
Listing and registry expenses	396	493
Meeting costs	-	277
Bad debts written off	-	302
Other	290	202
Other operating expenses	**6,419**	5,990

[1] Included in non-recoverable property costs are amounts paid or payable of $2,302,207 (2014: $1,918,499) for Queensland land tax which under the respective state legislation when the lease was entered into cannot be on-charged to tenants.

Recognition and measurement

Finance costs

Finance costs are recognised as an expense when incurred, with the exception of interest charges on funds invested in properties with substantial development and construction phases, which are capitalised to the property until such times as the construction work is complete.

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Trust's outstanding borrowings during the year.

Responsible entity's fees

The responsible entity, BWP Management Limited, is entitled to a management fee payable quarterly in arrears of 0.55 per cent per annum of the gross asset value of the Trust.

The responsible entity is also entitled to a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust up to $200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds $200 million.

The responsible entity may waive the whole or any part of the remuneration to which it would otherwise be entitled (see Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

3. CASH

	June 2015 $000	June 2014 $000
Cash at bank	**32,445**	12,045
Weighted average effective interest rates	**2.40%**	2.59%

Reconciliation of operating profit to the net cash flows from operation:

	June 2015 $000	June 2014 $000
Profit for the year attributable to unitholders of BWP Trust	**210,079**	149,081
Net fair value change on investment properties	**(108,508)**	(57,113)
Increase in receivables and prepayments	**(452)**	(474)
Increase in payables and deferred income	**6,706**	921
Net cash flows from operating activities	**107,825**	92,415

Recognition and measurement

Cash at bank

Cash in the statement of financial position, and for the purposes of the statement of cash flows, comprises cash at bank and short-term deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates.

4. RECEIVABLES AND PREPAYMENTS

	June 2015 $000	June 2014 $000
Receivables from Wesfarmers Limited[1] subsidiaries	**842**	1,251
Other receivables	**193**	251
Prepayments	**3,198**	4,849
	4,233	6,351

[1] Wesfarmers Limited is a related party (see Note 16).

Recognition and measurement

Impairment

Receivables of $28,494 were overdue at 30 June 2015 (2014: $13,668).

There were no allowances for impairment in respect of receivables during the current year. Based on historic default rates, the Trust believes that no impairment allowance is necessary.

5. ASSETS HELD FOR SALE

	June 2015 $000	June 2014 $000
Current	**16,357**	53,496

During the year, the Trust has entered into an option agreement with a third party for the third party to acquire the Trust's Altona property. The option is exercisable by 31 July 2016.

Recognition and measurement

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale the assets are remeasured in accordance with the Trust's other accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell.

6. INVESTMENT PROPERTIES

Reconciliation of the carrying amount of investment properties:

	June 2015 $000	June 2014 $000
Balance at the beginning of the financial year	**1,765,480**	1,374,444
Acquisitions during the year	**117,322**	374,179
Divestments during the year	**(17,366)**	-
Reclassification to assets held for sale	**(16,357)**	(49,396)
Capital improvements since acquisition	**7,328**	9,140
Realised gains on disposal of investment properties	**371**	-
Net unrealised gains from fair value adjustments	**108,137**	57,113
Balance at the end of the financial year	**1,964,915**	1,765,480

Recognition and measurement

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit and loss.

Subsequent revaluations to fair value according to the Trust's revaluations policy may result in transaction costs appearing as a negative adjustment (loss) in fair value.

Where assets have been revalued, the potential effect of the capital gains tax ("CGT") on disposal has not been taken into account in the determination of the revalued carrying amount. The Trust does not expect to be ultimately liable for CGT in respect of the sale of assets as all realised capital gains would be distributed to unitholders.

Fair value – Hierarchy

The Trust is required to categorise the fair value measurement of investment properties based on the inputs to the valuations technique used. All investment properties for the Trust have been categorised on a Level 3 fair value basis as some of the inputs required to value the properties are not based on "observable market data".

Fair value – Valuation approach

Key judgement

The Trust has a process for determining the fair value of investment properties at each balance date, applying generally accepted valuation criteria, methodology and assumptions detailed below.

An independent valuer, having an appropriate professional qualification and recent experience in the location and category of property being valued, values individual properties every three years on a rotation basis. The independent valuer determines the most appropriate valuation method for each property (refer next page).

In accordance with the Trust's policy, the following properties were independently valued at 30 June 2015:

Property	Valuation $000
Wallsend	28,400
Lismore	11,600
Southport	22,000
Underwood	18,800
Burleigh	17,500
Gladstone	34,000
Bayswater	31,600
Mentone	21,800
Balcatta	34,400
Mandurah	20,200
Joondalup	17,700

Properties that have not been independently valued as at balance date are carried at fair value by way of directors' valuation.

The directors adopt the valuation methodologies outlined on the following page for all remaining properties, and these methodologies are subject to an independent review process by Jones Lang LaSalle.

6. INVESTMENT PROPERTIES (CONTINUED)

Valuation Methodologies

Discounted cash flow

The discounted cash flow method calculates a property's value by using projections of reliable estimates of future cash flows, derived from the term of any existing leases, and from external evidence such as current market rents for similar properties in the same area and condition, and using discount rates that reflect the current market assessments of the uncertainty in the amount and timing of cash flows specific to the asset.

Capitalisation of income valuation

The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location, prevailing investment market conditions and for Bunnings Warehouses, distribution of competing hardware stores.

Inputs used to measure fair value	Range of individual property unobservable inputs
Adopted capitalisation rate	6.50% – 9.75%
Gross rent p.a ($000)	243 – 4,724
Occupancy rate	100% as at 30 June 2015
Lease term remaining (years)	0.5 – 12.0

Leasing arrangements

The Trust has entered into commercial property leases on its investment portfolio with the majority of its properties being leased to Bunnings Group Limited.

Bunnings Warehouse leases generally commit the tenant to an initial term of 10, 12 or 15 years, followed by a number of optional terms of five or six years each exercisable by the tenant. Leases to non-Bunnings tenants generally commit the tenant to an initial term of between five and 10 years, followed by one or a number of optional terms of five years each exercisable by the tenant.

At 30 June 2015, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.5 years (2014: 0.3 years) and the maximum lease expiry is 12.0 years (2014: 13.3 years), with a weighted average lease expiry for the portfolio of 6.6 years (2014: 6.9 years).

There are no lease commitments receivable as at the reporting date and there were no contingent rentals recognised as revenues in the financial year.

Future minimum non-cancellable rental revenues are:

	June 2015 $000	June 2014 $000
Not later than one year	**145,133**	132,725
Later than one year not later than five years	**502,694**	475,147
Later than five years	**320,392**	310,835
	968,219	918,707

Recognition and measurement

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Key judgement

The Trust has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

The rental revenues of operating leases are included in the determination of the net profit in accordance with the revenue recognition policy at Note 1.

Leasing fees incurred in relation to the ongoing renewal of major tenancies are deferred and amortised over the lease period to which they relate.

Lease incentives, which may take the form of up-front payments, contributions to certain lessees' costs, relocation costs and fit-outs and improvements, are recognised on a straight line basis over the lease term as a reduction of rental income.

7. PAYABLES AND DEFERRED INCOME

	June 2015 $000	June 2014 $000
Trade creditors and accruals	**14,084**	2,860
Responsible entity's fees payable	**3,139**	2,488
Rent received in advance	**10,140**	10,299
	27,363	15,647

Recognition and measurement

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not these have been billed to the Trust. These liabilities are normally settled on 30 day terms except for the responsible entity's fees payable, which are settled quarterly in arrears, and retention monies withheld on construction projects which are settled according to the terms of the construction contracts.

The Trust's exposure to liquidity risk in respect of payables is disclosed in Note 13.

8. DISTRIBUTIONS PAID OR PAYABLE

In accordance with the Trust's constitution, the unrealised gains or losses on the revaluation of the fair value of investment properties are not included in the profit available for distribution to unitholders, as well as other items as determined by the directors. A reconciliation is provided below:

	June 2015 $000	June 2014 $000
7.67 cents (2014: 6.83 cents) per unit, interim distribution paid on 26 February 2015	**49,067**	42,835
8.17 cents (2014: 7.88 cents) per unit, final distribution provided	**52,483**	49,991
	101,550	92,826
Profit attributable to unitholders of BWP Trust	**210,079**	149,081
Capital profits released from undistributed income reserve	**-**	825
Realised gains on disposal of investment properties	**(371)**	-
Net unrealised gains in fair value of investment properties	**(108,137)**	(57,113)
Distributable profit for the year	**101,571**	92,793
Opening undistributed profit	**1**	34
Closing undistributed profit	**(22)**	(1)
Distributable amount	**101,550**	92,826
Distribution (cents per unit)	**15.84**	14.71

Recognition and measurement

Each reporting period the directors of the responsible entity are required to determine the distribution entitlement of the unitholders in respect of the period. Any amounts so determined but not paid by the end of the period, are recorded as a liability.

The recording of the distribution payable at each reporting date as a current liability may result in the Trust's current liabilities exceeding its current assets. This is a timing issue, as the Trust repays its interest-bearing loans and borrowings during the period from net profit and draws down its interest-bearing loans and borrowings when the distribution payments are made in August and February of each year.

9. INTEREST-BEARING LOANS AND BORROWINGS

As at 30 June 2015 the Trust had the following borrowings:

		June 2015		June 2014	
	Expiry date	Limit $000	Amount drawn $000	Limit $000	Amount drawn $000
Bank debt facilities					
Australia and New Zealand Banking Group Limited	1 July 2018	**110,000**	**94,300**	125,000	89,500
Commonwealth Bank of Australia	31 July 2020	**110,000**	**92,200**	125,000	105,900
Westpac Banking Corporation	30 April 2020	**135,000**	**99,200**	150,000	53,800
Less: prepaid interest and borrowing costs			**-**		(262)
		355,000	**285,700**	400,000	248,938
Corporate bonds					
Fixed term five-year corporate bond	27 May 2019	**200,000**	**200,000**	200,000	200,000
Less: prepaid interest and borrowing costs			**(299)**		(606)
		200,000	**199,701**	200,000	199,394
		555,000	**485,401**	600,000	448,332

Recognition and measurement

The borrowings under the facilities are not secured by assets of the Trust, but are subject to reporting and financial undertakings by the Trust to the banks under negative pledge agreements with each bank.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are interest-bearing are included as part of the carrying amount of loans and borrowings.

Borrowings are classified as non-current liabilities if the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Refer to Note 13 for information on interest rate and liquidity risk.

At 30 June 2015 the minimum duration of the above debt facilities was 36 months (2014: 31 months) and the maximum was 61 months (2014: 59 months) with a weighted average duration of 50.3 months (2014: 44.3 months).

Corporate bonds

On 27 May 2014, the Trust issued $200 million fixed rate domestic bonds maturing on 27 May 2019. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 4.58 per cent per annum.

10. ISSUED CAPITAL

Movement in units on issue	$000	Number of units
At 1 July 2013	707,363	537,753,954
Issue of units – DRP:		
- August 2013 at $2.3387 per unit	5,583	2,387,450
- February 2014 at $2.2176 per unit	16,032	7,229,276
Issue of units - pro-rata entitlement offer at $2.30 per unit	200,156	87,024,515
Expenses incurred in pro-rata entitlement offer	(4,348)	-
At 30 June 2014 and 1 July 2014	**924,786**	**634,395,195**
Issue of units – DRP:		
- August 2014 at $2.4937 per unit	**13,290**	**5,329,631**
- February 2015 at $2.8137 per unit	**7,482**	**2,658,977**
At 30 June 2015	**945,558**	**642,383,803**

Recognition and measurement

Units on issue

Units on issue are recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.

Rights

The Trust is a unit trust of no fixed duration and the units in the Trust have no right of redemption.

Each unit entitles the unitholder to receive distributions as declared and, in the event of winding up the Trust, to participate in all net cash proceeds from the realisation of assets of the Trust in proportion to the number of and amounts paid up on units held.

Distribution Reinvestment Plan

The Trust operates a Distribution Reinvestment Plan ("DRP"). The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2015 and the preceding year. An issue of units under the DRP results in an increase in issued capital unless the units are acquired on-market.

11. HEDGE RESERVE

	June 2015 $000	June 2014 $000
Balance at the beginning of the financial year	**(12,047)**	(12,516)
Effective portion of changes in fair value of cash flow hedges:		
- Realised losses transferred to profit or loss	**5,290**	5,421
- Unrealised losses on cash flow hedges	**(4,186)**	(4,952)
Balance at the end of the financial year	**(10,943)**	(12,047)

Recognition and measurement

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

12. EARNINGS PER UNIT

	June 2015	June 2014
Net earnings used in calculating basic and diluted earnings per unit ($000)	**210,079**	149,081
Basic and diluted earnings per unit (cents)	**32.84**	24.34
Basic and diluted earnings per unit excluding gains in fair value of investment properties (cents)	**15.88**	15.01
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**639,766,648**	612,563,010

Recognition and measurement

Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders divided by the weighted average number of units.

The diluted earnings per unit is equal to the basic earnings per unit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

13. FINANCIAL RISK MANAGEMENT

The Trust holds financial instruments for the following purposes:

Financing: to raise funds for the Trust's operations. The principal types of instruments are term advances ("bank loans"), bank bills and corporate bonds.

Operational: the Trust's activities generate financial instruments including cash, trade receivables and trade payables.

Risk management: to reduce risks arising from the financial instruments described above, including interest rate swaps.

The Trust's holding of these instruments exposes it to risk. The Board of directors of the responsible entity has overall responsibility for the establishment and oversight of the Trust's policies for managing these risks, which are outlined below:

> credit risk (note 13(a));

> liquidity risk (note 13(b)); and

> interest rate risk (note 13(c)).

These risks affect the fair value measurement applied by the Trust, which is discussed further in note 13(e).

a) Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers, cash, and payments due to the Trust under interest rate swaps.

Receivables

The credit risk associated with 93.7 per cent (2014: 94.6 per cent) of the rental income is with three tenants.

	June 2015	June 2014
Bunnings Group Limited[1]	**92.3**	93.1
J Blackwood and Son Pty Limited[1]	**0.5**	0.9
Officeworks Superstores Pty Ltd[1]	**0.9**	0.6

[1] Wholly owned subsidiaries of Wesfarmers limited

Bunnings Group Limited, J Blackwood and Son Pty Limited, Officeworks Superstores Pty Ltd and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up. Wesfarmers Limited has been assigned a credit rating of A-(stable)/A2 by Standard & Poor's (A3(Stable)/P2 – Moody's).

Cash

The Trust limits its exposure to credit risk associated with its cash by maintaining limited cash balances and having cash deposited with reputable, major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

Derivative financial instruments

The Trust limits its exposure to credit risk associated with future payments from its interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

Exposure to credit risk

The carrying amount of the Trust's financial assets represents the maximum credit exposure. The Trust's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**June 2015 $000**	June 2014 $000
Cash and short-term deposits	3	**32,445**	12,045
Receivables			
Wesfarmers Limited subsidiaries	4	**842**	1,251
Other tenants	4	**193**	251
		1,035	1,502
Total exposure		**33,480**	13,547

b) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

To assist in minimising the risk of having inadequate funding for the Trust's operations, the Trust's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and corporate bonds with different tenures, with the Trust aiming to spread maturities to avoid excessive refinancing in any period. In respect to the Trust's bank loans, whilst these have fixed maturity dates, the terms of these facilities allow for the maturity period to be extended by a further year each year subject to the amended terms and conditions being accepted by both parties. The Trust also regularly updates and reviews its cash flow forecasts to assist in managing its liquidity.

Maturity of financial liabilities

The following are the contractual maturities of financial liabilities (including estimated interest payments) and receipts or payments of interest rate swaps. The amounts disclosed in the table overleaf are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amount disclosed in the statement of financial position.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
30 June 2015						
Non-derivative financial liabilities						
Bank loans - principal	**(285,700)**	**(285,700)**	**-**	**-**	**(193,500)**	**(92,200)**
Bank loans - future interest	**-**	**(42,439)**	**(9,289)**	**(9,204)**	**(23,602)**	**(344)**
Corporate bonds	**(199,701)**	**(236,000)**	**(9,000)**	**(9,000)**	**(218,000)**	**-**
Payables and deferred income	**(27,363)**	**(27,363)**	**(27,363)**	**-**	**-**	**-**
Derivative financial liabilities						
Interest rate swaps	**(10,943)**	**(11,400)**	**(4,295)**	**(3,520)**	**(3,389)**	**(196)**
	(523,707)	**(602,902)**	**(49,947)**	**(21,724)**	**(438,491)**	**(92,740)**
30 June 2014						
Non-derivative financial liabilities						
Bank loans - principal	(248,938)	(249,200)	-	-	(249,200)	-
Bank loans - future interest	-	(31,919)	(9,998)	(10,484)	(11,437)	
Corporate bonds	(199,394)	(245,000)	(9,000)	(9,000)	(227,000)	-
Payables and deferred income	(15,647)	(15,647)	(15,647)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(12,047)	(12,621)	(4,406)	(3,924)	(4,122)	(169)
	(476,026)	(554,387)	(39,051)	(23,408)	(491,759)	(169)

c) Interest rate risk

Interest rate risk is the risk that the Trust's finances will be adversely affected by fluctuations in interest rates. To help reduce this risk in relation to bank loans, the Trust has employed the use of interest rate swaps whereby the Trust agrees with various banks to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each contract swap, thereby effectively fixing the interest rate on the underlying obligations.

At 30 June 2015 the fixed rates varied from 3.10 per cent to 5.70 per cent (2014: 3.10 per cent to 5.77 per cent) and the floating rates were at bank bill rates plus a bank margin.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions. At 30 June 2015, the Trust's hedging cover (interest rate swaps and fixed rate corporate bonds) was 78 per cent of borrowings. This level is currently above the Board's preferred 50 per cent to 75 per cent range due to the corporate bond issuance in late May 2014. Hedging levels are expected to return within the Board's preferred range in the coming years as the Trust continues to grow.

The Trust's exposure to interest rate risk for classes of financial assets and financial liabilities is set out as follows:

	Carrying amount	
	June 2015 $000	June 2014 $000
Variable rate instruments		
Cash and short-term deposits	**32,445**	12,045
Bank debt facilities	**(285,700)**	(248,938)

The Trust's sensitivity to interest rate movements

Fair value sensitivity analysis for fixed rate instruments

The Trust does not account for any fixed-rate financial assets or financial liabilities at fair value through the profit or loss, and the Trust does not designate any interest rate swaps as hedging instruments under a fair value hedging model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The analysis on the following page considers the impact on equity and net profit or loss due to a reasonably possible increase or decrease in interest rates. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Impact on Net profit		Impact on Equity	
	50 basis points increase $000	50 basis points decrease $000	50 basis points increase $000	50 basis points decrease $000
30 June 2015				
Variable rate instruments	**(1,429)**	**1,429**	**-**	**-**
Interest rate swaps	**900**	**(900)**	**2,196**	**(2,235)**
Net impact	**(529)**	**529**	**2,196**	**(2,235)**
30 June 2014				
Variable rate instruments	(1,246)	1,246	-	-
Interest rate swaps	1,050	(1,050)	3,087	(3,147)
Net impact	(196)	196	3,087	(3,147)

Derivative financial instruments

As detailed on the previous page, the Trust enters into derivative financial instruments in the form of interest rate swap agreements, which are used to convert the variable interest rate of its borrowings to fixed interest rates. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. The swaps are entered into with the objective of reducing the risk associated with interest rate fluctuations.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any ineffective portion is considered a finance cost and is recognised in profit or loss in the statement of profit or loss and other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss, at which point it is transferred to profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

The Trust manages its financial derivatives (interest rate swaps) to ensure they meet the requirements of a cash flow hedge.

d) Capital management

Capital requirements are assessed based on budgeted cash flows, capital expenditure commitments and potential growth opportunities and are monitored on an ongoing basis. Information on capital and equity markets is reviewed on an ongoing basis to ascertain availability and cost of various funding sources.

In order to maintain a manageable level of debt, the responsible entity has established a preferred range of 20 to 30 per cent for the Trust's gearing ratio (debt to total assets), which is monitored on a monthly basis. At 30 June 2015, the gearing level was 24.1 per cent (2014: 24.4 per cent).

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2015 and the preceding year.

e) Fair values

The fair values and carrying amounts of the Trust's financial assets and financial liabilities recorded in the financial statements are materially the same with the exception of the following:

	June 2015 $000	June 2014 $000
Corporate bonds – book value	**(199,701)**	(199,394)
Corporate bonds – fair value	**(206,743)**	(201,727)

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Loans and receivables, and payables and deferred income

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Cash and short-term deposits

The carrying amount is fair value due to the liquid nature of these assets.

Bank debt facilities and corporate bonds

Market values have been used to determine the fair value of corporate bonds using a quoted market price. The fair value of bank debt facilities have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs.

Interest rate swaps

Interest rate swaps are measured at fair value by valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

Key judgement

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on current market rates for similar instruments and were as follows:

	June 2015	June 2014
Interest rate swaps	**2.15% to 3.62%**	2.66% to 4.22%

14. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:

	June 2015 $000	June 2014 $000
Not later than one year:		
Unrelated parties	-	-
Related parties	3,272	72,976
	3,272	72,976

Capital Commitments to related parties

Rockingham

In September 2013, the Trust committed to expand its Rockingham Bunnings Warehouse, Western Australia, at a cost of $4.4 million. The development is expected to be completed in October 2015. Currently, an amount of $2.5 million has been recorded in investment properties and trade creditors and accruals, representing the percentage of building work completed as at 30 June 2015.

Lismore

In November 2014, the Trust committed to expand its Lismore Bunnings Warehouse, New South Wales, at a cost of $4.6 million. The development is expected to be completed in August 2015. Currently, an amount of $3.2 million has been recorded in investment properties and trade creditors and accruals, representing the percentage of building work completed as at 30 June 2015.

15. AUDITOR'S REMUNERATION

	June 2015 $	June 2014 $
Audit and review of the financial statements		
KPMG Australia	83,565	79,630
Other services		
KPMG Australia – taxation services	27,700	24,000
KPMG Australia – property consultancy services	81,392	-
Total auditor's remuneration	192,657	103,630

16. RELATED PARTY DISCLOSURES

(a) Relationship with the Wesfarmers Group

Wesfarmers Investments Pty Limited, a controlled entity of Wesfarmers Limited, holds 159,014,206 (2014: 156,540,889) units in the Trust, representing 24.75 per cent of the units on issue at 30 June 2015 (2014: 24.68 per cent).

(b) Transactions with the Wesfarmers Group

During the year ended 30 June 2015, the Trust had the following transactions with the Wesfarmers Group:

	June 2015 $	June 2014 $
Bunnings Group Limited[1]		
Rent and other property income	134,766,430	118,421,255
Rent and other property income received in advance	10,460,730	9,548,859
Amounts receivable	162,928	291,975
J Blackwood and Son Pty Limited[1]		
Rent	749,261	1,137,409
Amounts receivable	128,291	23,778
Officeworks Superstores Pty Ltd[1]		
Rent	1,315,695	799,600
Amounts receivable	26,130	-
BWP Management Limited[1]		
Responsible entity fees	11,071,092	8,566,858
Fees waived[2]	-	849,016
Wesfarmers Limited		
Insurance premiums	613,512	255,385

1 A controlled entity of Wesfarmers Limited

2 During 2014, as part of an agreement to acquire 10 Bunnings Warehouse properties from Bunnings Group Limited, the responsible entity waived its entitlement to fees in respect to these properties purchased until 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

16. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Economic dependency

93.7 per cent (2014: 94.6 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited, J Blackwood and Son Pty Limited and Officeworks Superstores Pty Ltd, all controlled entities of Wesfarmers Limited.

(d) Other transactions

i) In November 2014, the Trust committed to acquire a Bunnings Warehouse development site in Australind, Western Australia from Bunnings Group Limited. The purchase price and development fee totalling $17.9 million was paid in June 2015.

ii) During the year, the Trust made the following payments to Bunnings Group Limited in relation to warehouse developments:

Property	$ million
Brendale	19.2
Manly West	21.3
Maribyrnong	32.0
Minchinbury	8.6
West Ipswich	17.9

iii) In June 2014, The Trust entered into a contract to sell to Bunnings Group Limited, the Bunnings Warehouse at Sunshine, Victoria for $13.0 million, with settlement occurring in December 2014.

iv) In July 2014, the Trust entered into a contract to sell to Bunnings Group Limited, the Bunnings Warehouse in Coffs Harbour, New South Wales for $7.3 million, with settlement occurring in May 2015.

v) The Trust reimbursed Bunnings Group Limited for minor capital works and repairs and maintenance incurred to the Trust's properties for which the Trust had a contractual obligation to incur.

17. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of key management personnel

The following persons were key management personnel of the responsible entity, BWP Management Limited, during the financial year:

Chairman – non-executive

Mr J A Austin

Managing Director

Mr M J Wedgwood

Non-executive directors

Mr J K Atkins
Mr E Fraunschiel (from 1 February 2015)
Ms F E Harris
Mr R D Higgins
Mr A J Howarth
Mr M J G Steur (from 1 February 2015)

(b) Remuneration policy

Remuneration expenses of the directors and executives of the responsible entity are not borne by the Trust. Directors are remunerated by the responsible entity and management services are provided to the responsible entity by Wesfarmers Limited.

The right of the responsible entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust and summarised in Note 2. The constitution is lodged with ASIC and is available to unitholders on request.

For the financial year ended 30 June 2015, each director was entitled to director's fees and/or superannuation for their services and the reimbursement of reasonable expenses.

The fees paid reflect the demands on, and the responsibilities of, those directors. The advice of independent remuneration consultants is taken to establish that the fees are in line with market standards. Directors do not receive option or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Wesfarmers Limited employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

17. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(c) Unit holdings

Directors	Balance at beginning of the year	Acquired during the year	Sold during the year	Balance at the end of the year
Mr J K Atkins	26,501	-	-	26,501
Mr J A Austin	343,859	-	-	343,859
Mr E Fraunschiel	108,800[1]	2,966	-	111,766
Ms F E Harris	20,000	-	-	20,000
Mr R D Higgins	20,000	-	-	20,000
Mr A J Howarth	20,000	-	-	20,000
Mr M J G Steur	-	-	-	-
Mr M J Wedgwood	-	-	-	-
Total	**539,160**	**2,966**	**-**	**542,126**

[1] Units held prior to appointment to the Board.

The above holdings represent holdings where the directors have a beneficial interest in the units of the Trust.

No directors have other rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in the Trust.

18. OTHER ACCOUNTING POLICIES

a) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In circumstances where impairment losses are deemed, these are included in the statement of profit or loss and other comprehensive income.

b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

DIRECTORS' REPORT

For the year ended 30 June 2015

In accordance with the *Corporations Act 2001*, BWP Management Limited (ABN 26 082 856 424), the responsible entity of BWP Trust, provides this report for the financial year that commenced 1 July 2014 and ended 30 June 2015. The information on pages 1 to 29 forms part of this directors' report and is to be read in conjunction with the following information:

RESULTS AND DISTRIBUTIONS

	June 2015 $000	June 2014 $000
Profit attributable to unitholders of BWP Trust	**210,079**	149,081
Capital profits released from undistributed income reserve	**-**	825
Realised gains on disposal of investment properties	**(371)**	-
Net unrealised gains in fair value of investment properties	**(108,137)**	(57,113)
Distributable profit for the year	**101,571**	92,793
Opening undistributed profit	**1**	34
Closing undistributed profit	**(22)**	(1)
Distributable amount	**101,550**	92,826

DISTRIBUTIONS

The following distributions have been paid by the Trust or declared by the directors of the responsible entity since the commencement of the financial year ended 30 June 2015:

	June 2015 $000	June 2014 $000
(a) Out of the profits for the year ended 30 June 2014 on ordinary units as disclosed in last year's directors' report:		
(i) Final distribution of 7.88 cents per ordinary unit paid on 28 August 2014	**49,991**	38,396
(b) Out of the profits for the year ended 30 June 2015 (see Note 8 of the notes to the financial statements):		
(i) Interim distribution of 7.67 cents per ordinary unit paid on 26 February 2015	**49,067**	42,835
(ii) Final distribution of 8.17 cents per ordinary unit declared by the directors for payment on 27 August 2015	**52,483**	49,991

UNITS ON ISSUE

At 30 June 2015, 642,383,803 units of BWP Trust were on issue (2014: 634,395,195).

PRINCIPAL ACTIVITY

The principal activity is property investment.

There has been no significant change in the nature of this activity during the financial year.

TRUST ASSETS

At 30 June 2015, BWP Trust held assets to a total value of $2,018.0 million (2014: $1,837.4 million). The basis for valuation of investment properties which comprises the majority of the value of the Trust's assets is disclosed in Note 6 of the notes to and forming part of the financial statements.

FEE PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

Management fees totalling $11,071,092 (2014: $8,566,858) were paid or payable to the responsible entity out of Trust property during the financial year.

TRUST INFORMATION

BWP Trust is a Managed Investment Scheme registered in Australia. BWP Management Limited, the responsible entity of the Trust, is incorporated and domiciled in Australia and holds an Australian Financial Services Licence. The responsible entity's parent company and ultimate parent company is Wesfarmers Limited.

The registered office of the responsible entity is Level 11, 40 The Esplanade, Perth, Western Australia, 6000. The principal administrative office of the responsible entity is Level 6, 40 The Esplanade, Perth, Western Australia, 6000.

The Trust had no employees during the financial year (2014: nil). Management services are provided to the responsible entity by Wesfarmers Limited. Wesfarmers Limited employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

DIRECTORS

Mr J A Austin (Chairman)
Mr J K Atkins
Mr E Fraunschiel (from 1 February 2015)
Ms F E Harris
Mr R D Higgins
Mr A J Howarth
Mr M J G Steur (from 1 February 2015)
Mr M J Wedgwood (Managing Director)

Details of the directors appear on pages 20 and 21.

No director is a former partner or director of the current auditor of the Trust, at a time when the current auditor has undertaken an audit of the Trust.

COMPANY SECRETARY

Ms K A Lange, FGIA, FCIS, MBus, MAICD

Ms K A Lange has been the company secretary since 9 April 2008. Ms Lange has more than 25 years company secretarial experience including company secretary of Woodside Petroleum Limited and Wesfarmers Limited.

DIRECTORS' UNITHOLDINGS

Units in the Trust in which directors had a relevant interest at the date of this report were:

Director	Units in the Trust
Mr J K Atkins	89,413
Mr J A Austin	343,859
Mr E Fraunschiel	111,766
Ms F E Harris	20,000
Mr R D Higgins	20,000
Mr A J Howarth	20,000
Mr M J G Steur	-
Mr M J Wedgwood	-

No directors have other rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in the Trust.

INSURANCE AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the end of the financial year insurance has been maintained covering the entity's directors and officers against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

Directors and officers are indemnified by the responsible entity against the costs and expenses of defending civil or criminal proceedings in their capacity as directors and officers in which judgement is given in favour of, or acquittal is granted to, a director or officer, unless the liability arises out of conduct involving a lack of good faith.

No indemnity payment has been made under any of the arrangements referred to above during or since the end of the financial year.

REVIEW AND RESULTS OF OPERATIONS

The operations of the Trust during the financial year and the results of those operations are reviewed on pages 5 to 10 of this report and in the accompanying financial statements. This includes information on the financial position of the Trust and its business strategies and prospects for future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the value of the Trust's investment properties increased by $199.4 million (2014: $391.0 million increase) to $2.0 billion (2014: $1.8 billion), with the number of investment properties decreasing from 87 properties to 82 properties at the financial year end due to property sales during the year.

There were no other significant changes in the state of affairs of the Trust during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Trust in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in and expected results of the operations of the Trust in subsequent years are referred to elsewhere in this report, particularly on pages 5 to 10. In the opinion of the directors, further information on those matters could prejudice the interests of the Trust and has therefore not been included in this report.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of BWP Management Limited support and comply with the majority of the ASX Corporate Governance Principles and Recommendations. The responsible entity's corporate governance statement is contained on pages 23 to 29 of this annual report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Trust's operations are not subject to any particular significant environmental regulations under either Commonwealth or State legislation. The Trust is not aware of any breach of environmental regulations.

BOARD COMMITTEES

As at the date of this report, the responsible entity had an Audit and Risk Committee and Remuneration and Nomination Committee. Each committee is comprised of all of the non-executive directors of the responsible entity.

There were three Audit and Risk Committee and three Remuneration and Nomination Committee meetings held during the year.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars under the option available to the Trust under ASIC Class Order 98/100, unless otherwise stated. The Trust is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 53 and forms part of the Directors' report for the year ended 30 June 2015.

DIRECTORS' REPORT

For the year ended 30 June 2015

NON-AUDIT SERVICES

KPMG provided the following non-audit services to the Trust during the year ended 30 June 2015 and received, or is due to receive, the following amount for the provision of these services:

Taxation services	$27,700
Property consultancy services	$81,392
Total	**$109,092**

During the year, KPMG acquired the SGA consultancy group, which the Trust has had a long standing working relationship with. Prior and post the acquisition, SGA has provided investigation, project management and advice on property rectification issues.

The Audit and Risk Committee has, following the passing of a resolution, provided the Board with written advice in relation to the provision of non-audit services by KPMG.

The Board has considered the Audit and Risk Committee's advice, and the non-audit services provided by KPMG, and is satisfied that the provision of these services during the year by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001*. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work or acting in a management or decision making capacity for the Trust.

Signed in accordance with a resolution of the directors of BWP Management Limited.

J A Austin
Chairman
BWP Management Limited
Perth, 5 August 2015

DIRECTORS' DECLARATION

For the year ended 30 June 2015

In accordance with a resolution of the directors of BWP Management Limited, responsible entity for the BWP Trust (the Trust), I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the Trust are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards and *Corporations Regulations 2001*.

   b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

   c) the financial statements also comply with International Financial Reporting Standards as disclosed on page 36.

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2015.

For and on behalf of the board of BWP Management Limited.

J A Austin
Chairman
BWP Management Limited
Perth, 5 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2015

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the directors of BWP Management Limited, the responsible entity of BWP Trust.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG
Perth, 5 August 2015

Grant Robinson

Grant Robinson
Partner

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BWP TRUST

For the year ended 30 June 2015

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of BWP Trust (the Trust), which comprises the statement of financial position as at 30 June 2015, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the BWP Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. On page 36, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of BWP Trust is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(c) the financial report also complies with International Financial Reporting Standards as disclosed on page 36.

KPMG
Perth, 5 August 2015

Grant Robinson
Partner

UNITHOLDER INFORMATION

For the year ended 30 June 2015

SUBSTANTIAL UNITHOLDERS

The number of units held by the Trust's substantial unitholders and the date on which the last notice was lodged with the Trust, were as follows:

	Date of notice	Units
Wesfarmers Limited, its subsidiaries and their associates	9 September 2013	151,863,632
The Vanguard Group Inc, and their associates	27 April 2015	32,121,185

DISTRIBUTION OF UNITHOLDERS

As at 20 July 2015:

Range of holding	Holders	Units	%
1 – 1,000	3,989	1,957,463	0.30
1,001 – 5,000	8,656	24,985,579	3.89
5,001 – 10,000	4,908	36,563,238	5.69
10,001 – 100,000	6,658	160,070,139	24.92
100,001 – over	211	418,807,384	65.20
Total	**24,422**	**642,383,803**	**100.00**
Unitholders holding less than a marketable parcel (153 units)	701	24,105	

VOTING RIGHTS

Each fully paid ordinary unit carries voting rights at one vote per unit.

TWENTY LARGEST UNITHOLDERS

The twenty largest holders of ordinary units in the Trust as at 20 July 2015 were:

	Number of Units	Percentage of capital held
Wesfarmers Investments Pty Ltd	159,014,206	24.75
HSBC Custody Nominees (Australia) Limited	86,220,317	13.42
J P Morgan Nominees Australia Limited	59,084,467	9.20
Citicorp Nominees Pty Limited	16,550,175	2.58
National Nominees Limited	15,187,800	2.36
RBC Dexia Investor Services	15,101,406	2.35
BNP Paribas Noms Pty Ltd <DRP>	10,159,719	1.58
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,694,942	0.89
Bond Street Custodians Limited	1,994,370	0.31
Milton Corporation Limited	1,584,008	0.25
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	1,450,905	0.23
RE GL CM & JE Adshead Pty Ltd	1,403,274	0.22
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	994,822	0.15
C B H Superannuation Holdings Pty Ltd	989,619	0.15
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	983,100	0.15
Pelerman Holdings Pty Ltd	975,778	0.15
AMP Life Limited	955,884	0.15
UBS Wealth Management Australia Nominees Pty Ltd	899,093	0.14
Navigator Australia Ltd <MLC Investment Sett A/C>	789,326	0.12
BNP Paribas Noms (NZ) Ltd <DRP>	745,472	0.12
Total	**380,778,683**	**59.28**

INVESTOR INFORMATION

For the year ended 30 June 2015

STOCK EXCHANGE LISTING

The BWP Trust is listed on the ASX and reported in the "Industrial" section in daily newspapers – code BWP.

DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan was in place for both the interim distribution and final distribution for the year ended 30 June 2015.

ELECTRONIC PAYMENT OF DISTRIBUTIONS

Unitholders may nominate a bank, building society or credit union account for the payment of distributions by direct credit. Payments are electronically credited on the distribution date and confirmed by mailed payment advice.

Unitholders wishing to take advantage of payment by direct credit should contact the Registry Manager for more details and to obtain an application form.

PUBLICATIONS

The annual report is the main source of information for unitholders. In addition, unitholders are sent a half-year report in February each year providing a review, in summary, of the six months to December.

Periodically, the Trust may also send releases to the ASX covering matters of relevance to investors.

WEBSITE

The Trust's website is a useful source of information for unitholders. It includes details of the Trust's property portfolio, current activities and future prospects. The site also provides access to annual and half-year reports and releases made to the ASX.

ANNUAL TAX STATEMENTS

Accompanying the final distribution payment in August or September each year will be an annual tax statement which details tax advantaged components of the year's distribution.

PROFIT DISTRIBUTIONS

Profit distributions are paid twice yearly, normally in February and August.

UNITHOLDER ENQUIRIES

Please contact the Registry Manager if you have any questions about your unitholding or distributions.

COMPLAINTS HANDLING

Complaints made in regard to BWP Trust should be directed to the Managing Director – BWP Management Limited, Level 11, Wesfarmers House, 40 The Esplanade, Perth, Western Australia, 6000. The procedure for lodgement of complaints and complaints handling is set out under the *Contact us* section of the BWP Trust website.

Should a complainant be dissatisfied with the decision made by the responsible entity in relation to a complaint, the complainant is entitled to take the matter up with the Financial Ombudsman Service ("FOS"), an external and independent industry complaint handling scheme. FOS is located at Level 12, 717 Bourke Street, Docklands, Victoria, 3008. FOS can be contacted by telephone on 1300 780 808 or by facsimile on +61 3 9613 6399, by mail at GPO Box 3, Melbourne, Victoria, 3001, by email at info@fos.org.au, or by visiting their website at fos.org.au.

DIRECTORY

bwp TRUST

RESPONSIBLE ENTITY

BWP Management Limited
ABN 26 082 856 424

Level 11
Wesfarmers House
40 The Esplanade
PERTH, WA, 6000

Telephone: (+61 8) 9327 4356
Facsimile: (+61 8) 9327 4344

bwptrust.com.au

Directors and senior management

Mr J A Austin (Chairman)
Mr M J Wedgwood (Managing Director)
Mr J K Atkins (Director)
Mr E Fraunschiel (Director)
Ms F E Harris (Director)
Mr R D Higgins (Director)
Mr A J Howarth (Director)
Mr M J G Steur (Director)
Ms K A Lange (Secretary)

REGISTRY MANAGER

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172 St Georges Terrace
PERTH, WA, 6000

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AUDITOR

KPMG

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PERTH, WA, 6000

bwp TRUST

bwptrust.com.au

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RECYCLED CONTENT

FOREST MANAGEMENT

RENEWABLE ENERGY

ECF ELEMENTAL CHLORINE FREE

EMS ENVIRONMENTAL MANAGEMENT SYSTEMS

ISO CERTIFICATION