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BWP Trust
ARSN 088 581 097

Responsible Entity
BWP Management Limited
ABN 26 082 856 424

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No. 247830

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Gladstone Home Centre, Gladstone, Qld

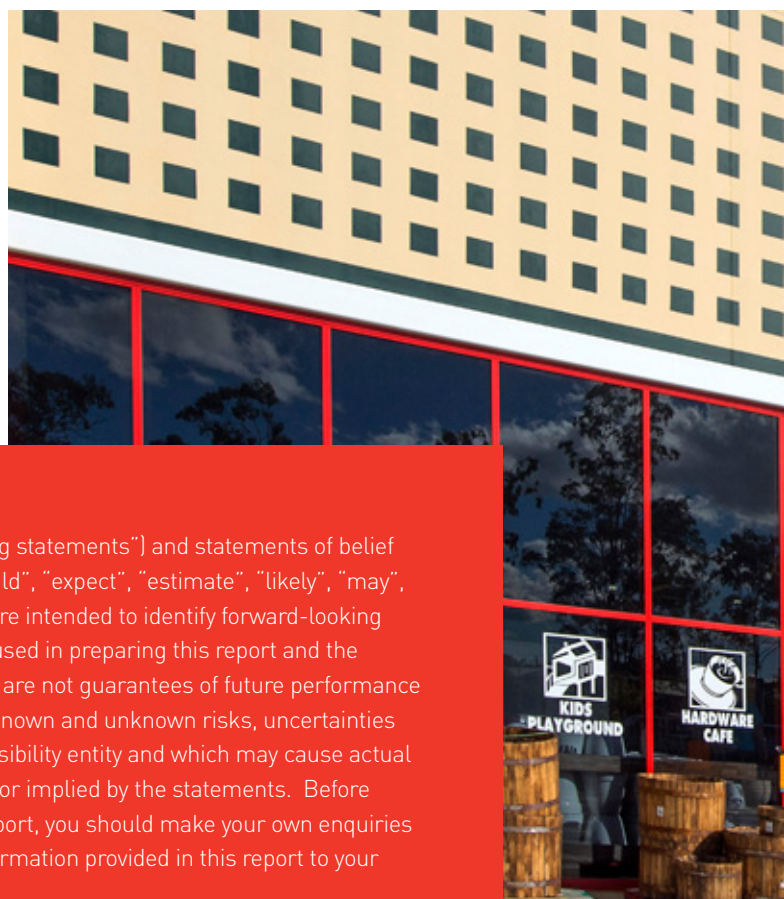
www.bwptrust.com.au

ABOUT US

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 warehouse retailing properties, in particular, Bunnings Warehouses leased to Bunnings Group Limited ("Bunnings").

The following is a brief summary of the Trust's operations and activities and readers should refer to the details provided throughout this Annual Report and on the Trust's website for further information.



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 responsibility 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.

The Trust owns 67 Bunnings Warehouses, five of which have adjacent retail showrooms that the Trust owns and are leased to other retailers, two development sites on which Bunnings Warehouses are to be developed, a standalone showroom property and four industrial properties leased to tenants for manufacturing, storing and distributing goods and services.

The Trust's main source of income is the rent paid by Bunnings and other tenants for leasing their respective premises from the Trust. Rent is generally based on the area of the property leased by the tenant, and typically does not have reference to the tenant'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 incremental rent increases and periodic market reviews in accordance with the lease. Rental growth may also occur when there are 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 will be determined by the level of borrowings the Trust has from time to time, and the interest rates and bank 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 each 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 net profit each six months, excluding unrealised movements in the fair value of investment properties.

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 committed to managing the Trust solely 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, one of Australia's largest listed companies. Wesfarmers Limited also owns approximately 24.3 per cent of the issued units in the Trust.





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.

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

STRATEGIES

Drive better returns from existing assets through focused and pro-active asset management

Deliver efficiency, sustainability and value through effective management of the Trust and its capital

Generate growth by acquiring quality commercial properties that meet the Trust's investment criteria

OBJECTIVES

- > Diligent approach to rent reviews
- > Full occupancy and strong tenant covenants
- > Efficiencies in outgoings and stay-in-business capital expenditure
- > Value enhancing capital improvements
- > Longer term property enhancement (rezoning, lease improvements, property accessibility and format)

- > Reliable cash flow and access to competitive funding
- > Disciplined investment approach
- > Competitive advantage from reputation, capital management and operational efficiency and expertise
- > Undertake genuine sustainability endeavours
- > Strength and credibility of board and management

- > Source quality Bunnings Warehouses from Bunnings or third parties
- > Pursue select prime large format retailing properties

INVESTMENT CRITERIA

Properties acquired for the Trust, will typically demonstrate the following characteristics or attributes

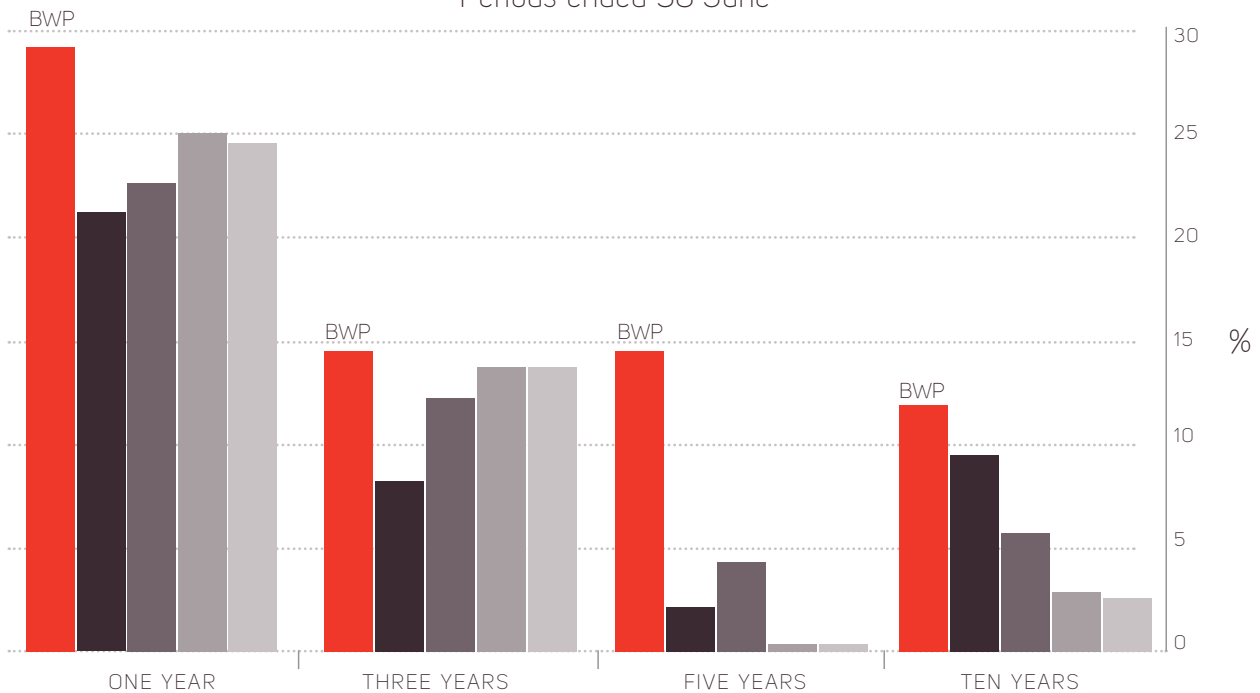
- > Ample land area (average 3 hectares)
- > Visible and accessible from a major road, highway or freeway
- > Ready vehicle access and ample on-site parking
- > Significant catchment area
- > Offers geographic diversity
- > Long-term lease (or re-leasing potential)
- > Financially substantial tenant in an economically, socially and environmentally sustainable business
- > Includes sustainability measures or prospects

HIGHLIGHTS

Distributable profit of \$75.8 million for the year, up 7.4 per cent on the previous year (excluding distribution of capital profits in the previous year)

- > Income of \$109.2 million for the year – up 7.9 per cent on the previous year
- > Market rent reviews on eight properties completed during the year - average 7.2 per cent increase in annual rent
- > Acquired a Bunnings Warehouse anchored bulky goods centre, a Bunnings Warehouse development site, and a parcel of land adjoining an existing Trust-owned Bunnings Warehouse
- > Net Tangible Assets of \$1.93 per unit at 30 June 2013 (2012: \$1.85 per unit)
- > Weighted Average Lease Expiry of 6.8 years at 30 June 2013 (2012: 7.7 years)
- > Weighted average cost of debt of 7.3 per cent for the year – down from 8.0 per cent the previous year
- > Capital management initiatives, including refinancing of existing bank facilities and attaining an A- S&P credit rating to provide access to a broader range of debt funding
- > Gearing (debt/total assets) 21.2 per cent at 30 June 2013 (2012: 21.6 per cent)

BWP total returns compared to market
Periods ended 30 June



Total returns include distributions and movement in price (assumes distributions are reinvested). Source: UBS

- BWP Trust (BWP)
- ASX All Ordinaries Accumulation Index
- UBS Retail 200
- S&P/ASX 200 Property Accumulation Index
- S&P/ASX 300 Property Accumulation Index

LETTER FROM THE CHAIRMAN

Quality commercial real estate should experience stronger demand as a defensive investment and, with lower funding costs, competition for better quality assets is likely to increase. However, BWP remains competitive and is well placed to continue to build its portfolio selectively and extract more value from its existing properties.

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 2013.

This was another very good year for the Trust, both operationally and in terms of the Trust's market performance. Generally, equity markets have performed well during the year, and BWP has out-performed the broader market and most other Australian listed real estate investment trusts, or A-REITs. This is shown in the chart on the following page, with BWP's unit price relative to the benchmark ASX 200 A-REIT index and All Ordinaries index. BWP's out-performance is also illustrated in the chart opposite, which shows total returns of BWP and relevant share market indices over a longer timeframe; not only for the past year, but over three, five, and ten years.

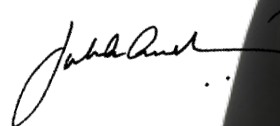
Operationally, the Trust has seen continued growth in revenue, from increases in rental income flowing from the existing property portfolio and the addition of a Bunnings Warehouse anchored property acquired during the year. The increased revenue and a lower cost of debt during the year have combined to bolster distributions to unitholders – with distributions per unit around 4.7 per cent higher than last year, excluding last year's distribution of profit on the sale of an investment property. Refinancing of the Trust's existing banking facilities completed in June and July 2013 should further improve the Trust's cost of debt moving forward, by reducing the fees and margins payable for bank facilities.

Other achievements during the year, reflecting the quality and performance of the Trust, include attaining an A- credit rating from Standard & Poor's and being recognised as A-REIT of the year, by Property Investment Research, the leading provider of property funds research and analysis in Australia.

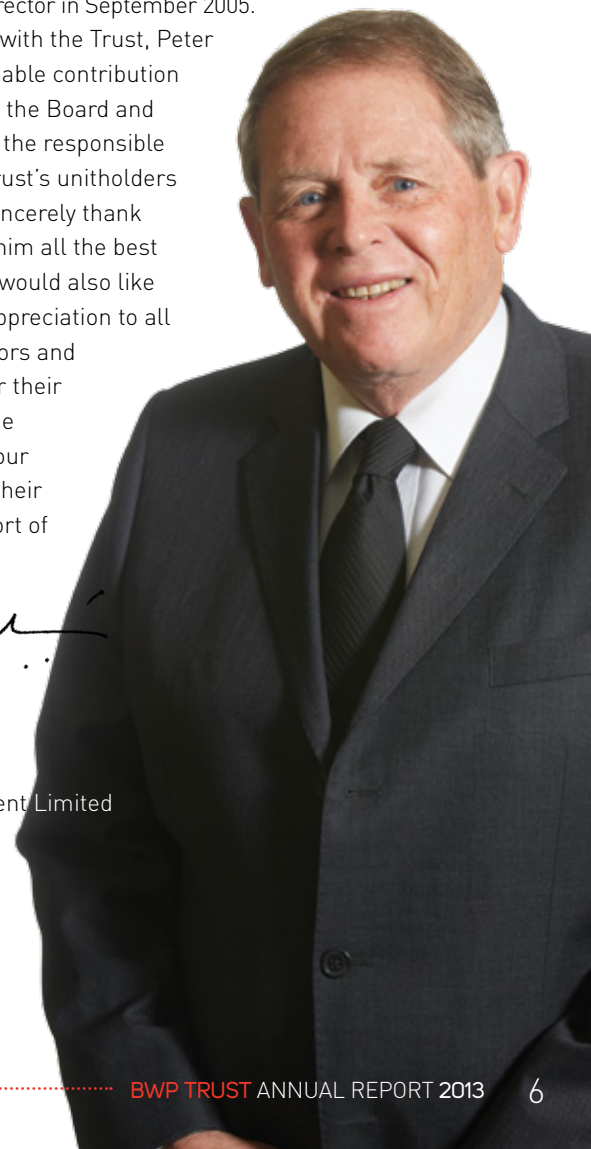
Looking forward, the economic outlook in Australia and globally still seems to be for constrained growth. Continuing market volatility and uncertainty will tend to promote more cautious and risk aware consumer and investor behaviour. Quality commercial real estate should experience stronger demand as a defensive investment and, with lower funding costs, competition for better quality assets is likely to increase. This may mean that the price of better quality

investment properties increases, reducing the yields that they deliver. However, BWP remains competitive and is well placed to continue to build its portfolio selectively and extract more value from its existing properties.

Finally, I would like to acknowledge some changes to the board of the responsible entity during the year. In October 2012 we were delighted to welcome Ms Fiona Harris and Mr Tony Howarth to the Board as non-executive directors, both of whom have extensive business and board experience. In December 2012, Mr Peter Johnston retired from the Board, after having served as one of the original directors until July 2001 and then re-joining the Board as a non-executive director in September 2005. During his time with the Trust, Peter has made a valuable contribution and on behalf of the Board and management of the responsible entity and the Trust's unitholders I would like to sincerely thank Peter and wish him all the best for his 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.



JA Austin
Chairman
BWP Management Limited



FINANCIAL SUMMARY

FINANCIAL PERFORMANCE

Year ended 30 June 2013		2013	2012	2011	2010	2009
Total income	\$m	109.2	101.2	84.9	78.4	73.2
Net profit/(loss)	\$m	110.6	69.9	81.5	92.2	(11.7)
Unrealised (gains)/losses in fair value of investment properties	\$m	(34.8)	0.6	(25.3)	(41.8)	52.1
Net realised profit on sale of investment property ¹	\$m	-	6.2	0.4	-	-
Distributable profit	\$m	75.8	76.7	56.6	50.4	40.5 ²
Distribution per ordinary unit	interim cents	7.00	6.63	6.18	6.10	6.70
	final cents	7.14	8.04	5.80	5.98	4.87
	total cents	14.14	14.67	11.98	12.08	11.57
Tax advantaged component	%	24.26	19.36	22.60	23.93	28.07
Total assets	\$m	1,398.7	1,335.2	1,242.1	1,026.4	999.9
Borrowings	\$m	296.5	288.9	210.8	193.5	225.9
Unitholders' equity	\$m	1,037.2	974.0	986.3	792.8	733.0
Gearing (debt to total assets)	%	21.2	21.6	17.0	18.8	22.6
Number of units on issue	m	538	525	520	421	410
Number of unitholders		18,063	14,924	13,958	12,507	12,583
Net tangible asset backing per unit	\$	1.93	1.85	1.90	1.88	1.79
Unit price at 30 June	\$	2.25	1.87	1.83	1.86 ³	1.61 ³
Management expense ratio ⁴ (annualised)	%	0.62	0.58	0.67	0.66	0.67

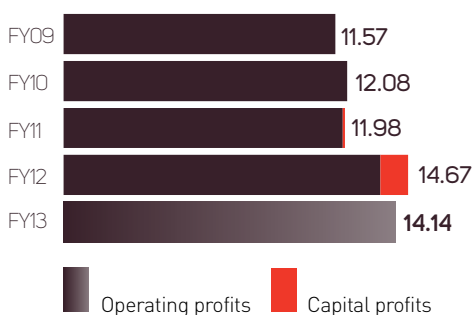
¹ net sale proceeds less original purchase price and capital expenditure since acquisition

² adjusted for rounding

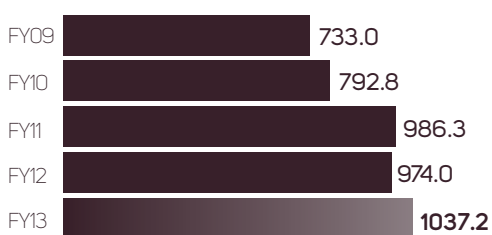
³ prior years adjusted to reflect effect of \$150 million capital raising in March 2011 (Source: Reuters)

⁴ expenses other than property outgoings and borrowing costs as a percentage of average total assets

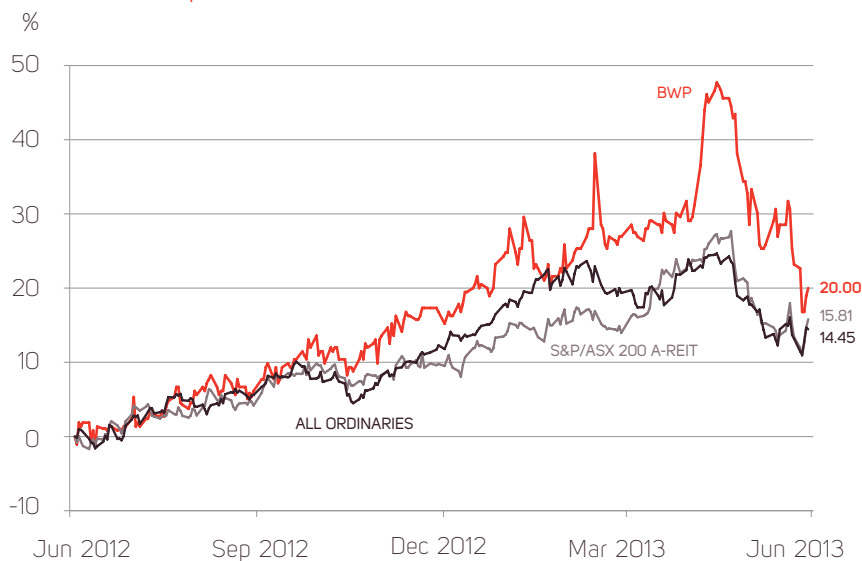
Distribution per unit (cents per unit)



Unitholders' equity (\$ million)



BWP unit price vs market indices



Source: Reuters

MANAGER'S REPORT

Acquisitions, improvements to existing investment properties and rent reviews have contributed to a 7.9 per cent growth in revenue. The growth in revenue, combined with an 8.6 per cent reduction in the average cost of debt, increased the distributions per unit to 14.14 cents, 4.7 per cent higher than last year (excluding distribution of capital profits of 1.17 cents per unit last year).

FINANCIAL RESULTS

Income and expenses

Total income for the full-year to 30 June 2013 was \$109.2 million, up by 7.9 per cent from last year. The increase in income was mainly due to growth of the property portfolio during or since last year - from acquisitions and improvements to investment properties (adding approximately \$5.4 million) and rent reviews and other property income (adding approximately \$2.9 million 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 2.1 per cent from last year.

Finance costs of \$21.8 million were 6.2 per cent higher than last year, due to higher borrowing levels. Average borrowings of \$295.4 million were \$44.8 million (17.9 per cent) higher than last year. The finance costs comprised: interest payments on borrowings (including payments made under interest rate swap arrangements) totalling \$13.9 million; and bank fees and margins totalling \$7.9 million. (Last year, interest payments were \$13.5 million, and bank fees and margins were \$7.0 million).

While finance costs were higher, the weighted average cost of debt for the year (finance costs less finance income, as a percentage of average borrowings) was lower; at 7.3 per cent, compared to 8.0 per cent for the previous year. The lower cost of debt was the result of lower floating and fixed interest rates, and reductions in the rate of bank fees and margins during or since last year. Average facility limits increased by approximately 14.5 per cent and utilisation of debt facilities (average borrowings/average facility limits) for the full-year to 30 June 2013 was slightly higher than the prior year at 68.7 per cent compared to 66.7 per cent.

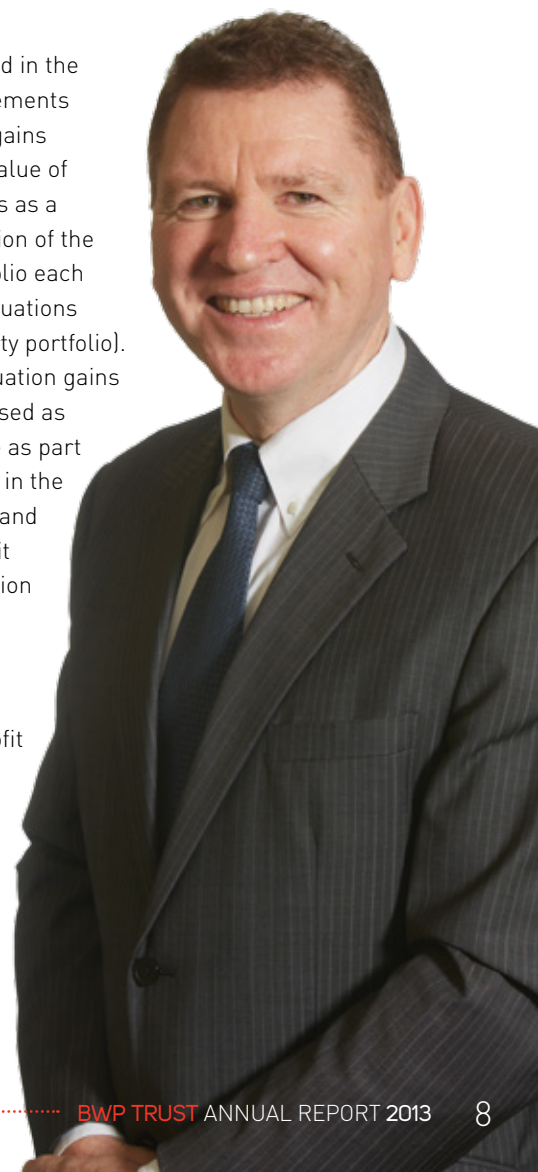
Other expenses of \$4.4 million for the year were 18.1 per cent higher than last year, mainly due to non-recoverable outgoings for multi tenanted properties acquired during or since last year; being: Dubbo (acquired during August 2011), Browns Plains (acquired during April 2012), and Gladstone (acquired during September 2012).

The management expense ratio for the year ended 30 June 2013 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.62 per cent (2012: 0.58 per cent). The increase in the ratio was primarily due to a step-up in the management fee paid to the responsible entity in respect of a portfolio of properties acquired from Bunnings in 2011. The properties were subject to a waiver of the responsible entity's entitlement to the management fees. The fee waiver reduced from 100 per cent for the year ended 30 June 2012 to 50 per cent for the year ended 30 June 2013. No fee waiver applies from 1 July 2013.

Net profit

Net 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 each 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 2013, net profit was \$110.6 million, including \$34.8 million in unrealised gain in the fair value of investment properties. This compares with



MANAGER'S REPORT CONTINUED

\$69.9 million last year, including an unrealised loss of \$0.6 million in the fair value of investment properties.

Distributable profit for the year (excluding unrealised revaluation gains or losses) was \$75.8 million. This compares with distributable profit of \$76.7 million for the year ended 30 June 2012, which included the distribution of \$6.2 million capital profit realised from the sale of one of the Trust's investment properties.

Financial position

At 30 June 2013 the Trust's total assets were \$1,398.7 million (2012: \$1,335.2 million) with unitholders' equity of \$1,037.2 million and total liabilities of \$361.5 million.

Investment properties made up the majority of total assets, comprising \$1,374.4 million (2012: \$1,306.6 million). Details of investment properties are contained in the Our property portfolio section at pages 14 to 17.

The underlying net tangible asset backing of the Trust's units ("NTA") at 30 June 2013 was \$1.93 per unit, an increase of 3.2 per cent from \$1.87 per unit at 31 December 2012 (30 June 2012: \$1.85 per unit). The increase in NTA over the six months to 30 June 2013 is due to the increase in net assets through property revaluations and a decrease in interest rate swap liabilities during the period.

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. Distributable profit for the six months to 30 June 2013 (being net profit excluding unrealised gains in the fair value of investment properties) was \$38.4 million.

A final distribution of 7.14 cents per ordinary unit has been declared and will be made on 28 August 2013 to unitholders on the Trust's register at 5:00 pm (AEST) on 28 June 2013. The final distribution takes the total distribution for the year to 14.14 cents per unit (2012: 14.67 cents per unit, including 1.17 cents per unit capital profit on the sale of an investment property). The tax advantaged component of the distribution is 24.26 per cent.

Units issued under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at \$2.3387 per unit, representing the volume weighted average price of the Trust's units for the 10 trading days following the record date, with no discount applied.

CAPITAL MANAGEMENT

Debt funding

The Trust's debt facilities as at 30 June 2013 are summarised below.

Bank facilities as at 30 June 2013	Limit \$m	Amount drawn ¹ \$m	Expiry date
Australia and New Zealand Banking Group Limited	150.0	56.5	23 January 2017
Commonwealth Bank of Australia	100.0	65.5	31 July 2016
Westpac Banking Corporation ²	180.0	175.5	22 December 2016
	430.0	297.5	

¹ Amount drawn includes accrued interest and borrowing costs of \$1.0 million as at 30 June 2013

² In July 2013, the \$180 million Westpac Banking Corporation facility was extended for a further year to 31 December 2017

In June and July 2013 the responsible entity finalised refinancing activities involving repricing all three of the Trust's existing bilateral bank facilities and extending the duration of \$280 million of the \$430 million facilities. Following the refinancing the weighted average rate of bank fees and margins on a fully drawn basis will be approximately 55 basis points lower than those that applied to the Trust previously.

Also during the year, the Trust was assigned an A- (stable outlook) issuer credit rating by Standard and Poor's, which was made public in July 2013. The A- rating confirms the credit quality of the Trust and positions BWP to access other debt capital funding markets as opportunities arise in order to further improve the diversity and duration of funding.

The refinancing of bank facilities and attaining an A- credit rating progresses the responsible entity's objective of further improving the efficiency, diversity and duration of the Trust's debt. As at 30 June 2013, the weighted average duration of the Trust's debt facilities was 3.4 years to expiry (2012: 3.8 years). Average utilisation of debt facilities (average borrowings/average facility limits) for the year was 68.7 per cent (2012: 66.7 per cent).

Distribution Reinvestment Plan

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2013. 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 risk management

In order to reduce the volatility of borrowing costs due to changes in market interest rates, the Trust takes out interest rate swaps (hedging) to fix the interest costs of the majority of borrowings over the medium to long-term. At 30 June 2013, the Trust's interest rate hedging cover was 70.6 per cent of borrowings, with \$210.0 million interest rate swaps against interest bearing debt of \$297.5 million. The weighted average term to maturity of hedging was 3.43 years, including delayed start swaps.

Due to the accounting requirement to mark the value of interest rate hedges to market, the Trust's hedging liabilities decreased to approximately \$12.5 million as at 30 June 2013 (2012: \$16.0 million). The decrease in hedging liability during the year was due to new interest rate swaps entered into during the year and the reduction in average term of maturity of the hedging profile. The hedging liability assesses the potential liability if all hedges were to be terminated at 30 June 2013.

During the year, management continued to review the Trust's hedging arrangements, including the opportunity to either; terminate the Trust's current swap arrangements and enter into new interest rate swaps at a lower fixed interest rate, or extend existing swaps by "blending" them with new swaps. Neither of these options is considered to offer a material benefit to unitholders over time. However, management took advantage of lower forward interest rates by taking out

two delayed-start swaps totalling \$25 million to extend the duration of the existing hedging arrangements.

Gearing

The Trust's gearing ratio (debt to total assets) at 30 June 2013 was 21.2 per cent (2012: 21.6 per cent), which is at the lower end of the board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 22.1 per cent (2012: 22.8 per cent). The interest cover ratio (earnings before interest and tax/interest expense) was 4.6 times (2012: 4.5 times).

OPERATING ENVIRONMENT

Bunnings – the Trust's main tenant

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 211 Bunnings Warehouse stores across Australia and New Zealand, around 66 smaller format stores and 37 trade centres¹.

Approximately 93 per cent of the Trust's annual rental income is from Bunnings and therefore the Trust's earnings are reliant on the success of the Bunnings business and the strength and direction of the underlying home improvement and outdoor living markets. Bunnings' performance over a number of years is shown in the following chart.

¹ As at May 2013, source: Wesfarmers Strategy Briefing Day materials, 29 May 2013, page 69



Source: Bunnings Group Limited

Notes:

- > Trading revenue excludes property rental income and non-trade items
- > EBIT is earnings before interest and taxes

MANAGER'S REPORT CONTINUED

Bunnings continues to expand its network and reinvest in existing stores. In a recent strategy briefing, Bunnings stated it expects to add 20 or more new stores per annum over the next three years and 10 to 14 per annum longer term. Over the 10 years to the year ended 30 June 2013², the average annual increase in net floor space of Bunnings store network was 5.1 per cent. Bunnings expects floor space to increase by 10 per cent and 10.4 per cent for the financial years ending 30 June 2014 and 2015 respectively³.

While past results are not an indicator of future performance, historically, Bunnings has generally been able to maintain its profitability as it expands its store network. This is demonstrated by its EBIT margin shown in the chart over-leaf. EBIT margin is a measure of how much profit is being derived from sales, based on the annual profit before interest and taxes as a percentage of the annual revenue for each year.

Home improvement and outdoor living market

Bunnings estimates the size of its addressable market in home improvement and outdoor living at \$42 billion, of which its share is 16 per cent⁴. The market addresses both consumer and commercial customer demand and includes: hardware, building and garden supplies, lighting, gas appliances, floor coverings, outdoor furniture, and housewares.

Masters Home Improvement, a joint venture between Woolworths Limited and United States home improvement chain Lowes, entered the Australian home improvement market in September 2011 with the opening of its first store in Braybrook, Victoria. As at June 2013 there were 31 stores across Australia, with plans for 15 to 20 new stores a year⁵.

The impact on Bunnings' business of the entry of Masters in the home improvement and outdoor living market is not apparent at this stage. The depth and breadth of the market and its highly fragmented nature (with a wide array of competitors operating from a variety of different formats) should provide scope for continued growth for multiple players. From the Trust's perspective, the presence and activity of two large retailers in the market will reinforce the investment appeal of large-format home improvement property.

² Source: Wesfarmers Strategy Briefing Day materials, 29 May 2013, page 76

³ Source: Wesfarmers Strategy Briefing Day materials, 29 May 2013, pages 75 and 76

⁴ Source: Wesfarmers Strategy Briefing Day materials, 29 May 2013, page 65

⁵ Source: Woolworths Limited press release, Masters Home Improvement opens in Toowoomba, 28 June 2013

Retailing market and trends

The Trust's tenants are predominantly sellers of retail goods or services and trends that affect retailing generally or certain aspects of retailing may impact some tenants. While generally the Trust's rental income is not directly linked to the sales turnover of the tenants, difficult retailing conditions or structural changes in retailing can impact on the demand for retailing space, affecting market rents, and if conditions are serious or sustained may affect the longer term viability of some retailers.

The emergence of the internet as a popular alternative shopping channel to traditional physical stores and as a conduit for consumers to assess and compare goods has created a structural change in retailing. This has meant that traditional retailers have to reconsider their existing physical store networks, supply chains and distribution to provide a more relevant and compelling offer to consumers. Many traditional retailers also have to adopt a multi-channel approach that incorporates an online presence to capture a growing segment of the consumer market.

We believe that the physical store will continue to be an important component of retailing, although its size, use and format may alter slightly. Prime bulky goods and home maker centres should remain important as a relatively low cost and structurally adaptable format. The quality of BWP's portfolio, with its large, prominently located sites means that generally these should be preferred locations for retailing or provide potential longer term alternative uses.

The Bunnings business model seems to provide the flexibility to change to meet trends and maintain a relevant and interesting offer to customers by offering a diverse range of value products in large, open format stores to a broad customer base. We consider that these characteristics make Bunnings less susceptible to structural changes in retailing.

BWP'S OPERATIONS

Further information regarding the operations of the Trust is included in the Outlook, Our property portfolio, and Sustainability sections on pages 12 to 20.



Grant Gernhoefer
General Manager
BWP Management Limited

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

There are several factors that will impact the Trust's performance over the short-to-medium term, some of which are generic, such as economic and market conditions, and others which relate more specifically to the Trust. The main economic and market drivers will be cash and interest rates (and the impact these have on commercial property); inflation; and the performance of the retail sector, and particularly home improvement retailing, which is the basis of the Trust's tenants' businesses.

ECONOMIC AND PROPERTY MARKET CONDITIONS

Low cash and interest rates may increase demand for prime real estate to the extent that it is seen as offering a relatively defensive yield investment as an alternative to cash. Increasing competition for better quality assets is likely to increase property prices and therefore lower their yields. While some segments of commercial property are showing signs of this yield compression, more relevant transactional evidence will determine at what level market yields specifically relating to Bunnings Warehouses are and how this relates to the Trust's portfolio capitalisation rates.¹

The current relatively low inflationary environment, as measured by the Consumer Price Index ("CPI") results in lower incremental growth of rental income for the Trust. Approximately 79 per cent of the Trust's rental income² 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 full-year to 30 June 2013 the average CPI increase was 1.7 per cent, which applied to annual escalations under leases comprising 73 per cent of the rental income at 30 June 2013 ("base rent"). There will be a lower level of CPI reviews in the year ending 30 June 2014, applying to leases comprising approximately 56 per cent of base rent. This is due to there being 19 Bunnings Warehouses that are subject to market reviews (23 per cent of the base rent) and a further 21 per cent subject to fixed increases of 3 or 4 per cent. In the year ending 30 June 2015, CPI represents approximately 70 per cent of base rent. While the current low CPI environment lowers the Trust's incremental

revenue growth, it coincides with a lower interest rate environment, helping to offset the earnings impact by reducing the Trust's borrowing costs.

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. A soft retailing environment is likely to put pressure on market rental levels for retailing property more generally and Bunnings is developing most of its roll-out of new stores, giving it greater control over commencing rents through sale and lease back transactions than it would have through leasing deals with third party developers. These factors may result in more moderate market rental growth for the Trust in the short-to-medium term, compared with previous years' results. However, increased competition for prominent sites for large-format retailing in home improvement and other category specific retailing may provide potential upside.

HOME IMPROVEMENT RETAIL SECTOR PERFORMANCE AND GROWTH

Approximately 93 per cent² of the Trust's annual rental income is from Bunnings and therefore the Trust's earnings are reliant on the success of the Bunnings business and the strength and direction of the underlying home improvement and outdoor living markets. It is worth noting that the rent that the Trust receives is generally referable to the lettable area of the property leased by the tenant, and typically does not have reference to the tenant's turnover at the premises. Therefore, the trading performance of Bunnings and other tenants does not directly and immediately impact on the revenue the Trust receives from its existing properties.

¹ Some recent sales of smaller regional Bunnings Warehouses such as Bairnsdale, Echuca and Sale in regional Victoria have been on capitalisation rates of 7.5-8.0 per cent. These smaller assets are at a lower price than the majority of Bunnings Warehouses in the Trust's portfolio.

² Based on rental income as at 30 June 2013

OUTLOOK CONTINUED

However, the on-going viability and success of existing tenants is important for the future growth of the Trust, at the expiry of existing leases and for the opportunity for new acquisitions.

Bunnings continues to perform well in a softer housing market and retailing climate, and continues to expand its network and reinvest in existing stores. The impact on Bunnings' business of the entry of Masters in the home improvement and outdoor living market is not apparent at this stage; however, the depth and breadth of the market and its highly fragmented nature should provide scope for continued

growth for multiple players. Bunnings' accelerated network expansion (expected to add 20 or more new stores per annum over the next three years)³ and reinvestment in its existing network may provide opportunities for the Trust to improve and build on its existing portfolio of Bunnings Warehouses. As a result of lower bank fees and margins recently negotiated, BWP's cost of debt has improved and, assuming market interest rates are maintained around or below current levels, the Trust should remain in a competitive position for acquiring properties selectively.

³ Source: Wesfarmers Strategy Briefing Day materials, 29 May 2013, page 76



OUR PROPERTY PORTFOLIO

As at 30 June 2013 the Trust owned 74 investment properties, all within Australia, with a total value of \$1,378.5 million and a weighted average lease expiry of 6.8 years (compared with 7.7 years at 30 June 2012).

PORTFOLIO AT A GLANCE	2013	2012	2011	2010	2009
Bunnings Warehouses	62	62	60	52	52
Bunnings Warehouse with other showrooms	5	4	2	1	1
Bunnings Warehouse development sites	2	1	3	1	1
Bunnings Distribution Centre	1	1	1	1	1
Bulky goods showroom	1	1	1	1	1
Industrial properties	3	3	3	4	4
Total BWP portfolio	74	72	70	60	60
Annual capital expenditure	\$37.1m	\$95.7m	\$207.9m	\$2.7m	\$45.4m

PROPERTY ACQUISITIONS

Bunnings Warehouse and bulky goods showrooms, Gladstone, Queensland

In September 2012, the Trust purchased a bulky goods centre anchored by a Bunnings Warehouse and Harvey Norman in Gladstone, Queensland. The property was acquired from an institutional owner for \$28.6 million (including acquisition costs). The 5.5 hectare property is situated on the south-eastern side of the Dawson Highway in Clinton, approximately six kilometres south-west of Gladstone's business centre. Gladstone is a major regional industrial centre, approximately 533 kilometres north of Brisbane, Queensland.

The property comprises a total lettable area of 21,511 square metres with approximately 527 car parking spaces. The annual net rental of the property at the date of acquisition was \$2.4 million.

Acquisition of a development site, Wallsend, New South Wales

In March 2011, unitholders approved a proposal to acquire from Bunnings a portfolio of 10 operational Bunnings Warehouses, for lease back to Bunnings, and three properties on which Bunnings would develop Bunnings Warehouses. In January 2013, the last of the three development properties, at Wallsend, New South Wales, settled. The 5.5 hectare vacant site was purchased for \$3.0 million (including acquisition costs). Development of the Bunnings Warehouse is being undertaken on behalf of the Trust by Bunnings and is expected to be completed in November 2013.

Land adjoining Bunnings Warehouse, Albany, Western Australia

In February 2013, the Trust acquired a site adjoining the Trust's Bunnings Warehouse in Albany, approximately 400 kilometres south of Perth, Western Australia.

The 1.2 hectare site was purchased for \$2.7 million (including acquisition costs) and allows for future expansion of the adjoining Bunnings Warehouse. Bunnings pays the Trust an access fee of eight per cent per annum on the Trust's total capital outlay until the adjoining Bunnings Warehouse is expanded over the site. The acquisition increases the Trust's land holding at the location from 2.0 to 3.2 hectares. Details of the proposed expansion of the Bunnings Warehouse are yet to be finalised.

DEVELOPMENTS AND UPGRADES

Canopy extension works at Bunnings Warehouse, Northland, Victoria

During the year, canopy extension works amounting to \$0.9 million were completed at the Trust-owned Bunnings Warehouse at Northland, Victoria. The Trust will receive approximately \$70,000 additional annual rent as a result of the improvements.

Mechanical ventilation works to Bunnings Warehouse, Greenacre, New South Wales

During the year, additional mechanical ventilation was installed at a cost of \$0.7 million at the Trust-owned Bunnings Warehouse at Greenacre, New South Wales. The Trust will receive approximately \$51,000 additional annual rent as a result of the improvements.

Image left Greenacre, NSW

OUR PROPERTY PORTFOLIO CONTINUED

OTHER IMPROVEMENTS

During the year, the Trust incurred a cost of \$0.5 million for roof access and safety improvements to a number of properties. The works generally comprised improving internal access to the roofs with better stairways, roof hatches and landings and installing or improving walkways to areas on the roof requiring regular or periodic access. These works are to improve safety and working conditions, and reduce damage to the roof. The Trust will receive no additional income from these improvements.

Approximately \$0.7 million was spent on various other non-income producing improvements to the portfolio during the year.

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, 81 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 2.0 per cent in the annual rent for these properties.

Market rent reviews

During the year, market rent reviews were concluded on four Bunnings Warehouses, two showroom tenancies at the Browns Plains bulky goods centre, one showroom tenancy at the Gladstone bulky goods centre, and an office tenancy at the Blackburn industrial property. Market rent reviews for six 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 below.

PROPERTY REVALUATIONS

The entire Trust portfolio was revalued at 31 December 2012 and again at 30 June 2013, including 21 property revaluations performed by independent valuers (10 at 31 December 2012 and 11 at 30 June 2013). 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 \$71.9 million to \$1,378.5 million during the year following: acquisitions of \$34.3 million; capital expenditure of \$2.8 million; and a net revaluation gain of \$34.8 million during the year.

MARKET RENT REVIEWS RESULTS SUMMARY

Property location	Tenant	Passing rent (\$ pa)	Market review ¹ (\$ pa)	Uplift (%)	Effective date
Geraldton, WA ²	Bunnings	923,821	1,218,750	+31.9	10 Dec 11
Oakleigh South, VIC ²	Bunnings	1,807,138	1,807,138	-	8 Mar 12
Blackburn, VIC ³	Pacific Laboratory Products	71,361	78,500	+10.0	1 Oct 12
Browns Plains, QLD ⁴	Spotlight	417,442	438,314	+5.0	9 Oct 12
Hervey Bay, QLD	Bunnings	1,131,148	1,165,082	+3.0	23 Dec 12
Fyshwick, ACT	Bunnings	1,147,152	1,165,506	+1.6	24 Dec 12
Gladstone, QLD ^{4,5}	Eureka Street Furniture	142,479	163,240	+14.6	1 Mar 13
Browns Plains, QLD ⁴	The Good Guys	425,984	468,852	+10.1	14 April 13
Weighted Average				+7.2	

¹ Geraldton and Oakleigh South were determined by independent valuers; Blackburn, Browns Plains, Hervey Bay and Fyshwick were negotiated between the Trust and the respective tenants

² Geraldton and Oakleigh South rent reviews were due during the year ended 30 June 2012, but the outcome of the determination process was only completed during the half-year ended 31 December 2012

³ Multi-tenanted industrial property

⁴ Multi-tenanted bulky goods property

⁵ Completed by the previous owner of the property, effective from 1 March 2013

The net revaluation gain was predominantly due to rental growth from rent reviews and a minor reduction in capitalisation rates across the portfolio, offset by the write-off of acquisition costs from all property acquisitions during the year. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2013 was 7.86 per cent (December 2012: 7.91 per cent; June 2012: 7.91 per cent). Details of the revaluations are disclosed in Note 11 of the notes to the financial statements.

CAPITAL EXPENDITURE DURING 2012/13

Acquisitions ¹	\$m
Gladstone	28.6
Albany (land)	2.7
Wallsend (land)	3.0
	34.3
Developments	
Greenacre Bunnings Warehouse upgrade	0.7
Northland Bunnings Warehouse upgrade	0.9
	1.6
Other expenditure	
Roof access and safety improvements	0.5
Other non-income producing	0.7
	1.2
Subtotal	37.1

¹ total outlay comprising purchase price and acquisition costs

NUMBER OF PROPERTIES

WESTERN AUSTRALIA	15
VICTORIA	24
AUSTRALIAN CAPITAL TERRITORY	2
SOUTH AUSTRALIA	3
NEW SOUTH WALES	16
QUEENSLAND	14
TOTAL	74

Image right Port Melbourne, VIC



OUR PROPERTY PORTFOLIO CONTINUED

PORTFOLIO RENTAL SUMMARY

As at 30 June 2013	Land area ha	Gross lettable area ¹ sq m	Annual rental ² \$000	Lease Expiry years
WESTERN AUSTRALIA				
Albany ³	3.2	13,660	805	6.3
Balcatta	4.3	25,439	1,841	10.2
Belmont	2.2	10,381	1,326	7.8
Bibra Lake	3.2	13,977	1,609	6.3
Cockburn	2.6	12,839	1,485	7.8
Geraldton	3.3	17,874	1,243	8.5
Geraldton Showrooms	1.2	1,511	229	2.6
Harrisdale	3.7	14,777	1,421	8.3
Joondalup	2.5	13,456	1,315	5.2
Mandurah	2.5	12,097	1,371	5.4
Midland	2.4	13,694	1,528	8.2
Mindarie	3.1	14,479	1,528	8.2
Morley	1.8	9,852	1,222	2.0
Port Kennedy	2.8	11,675	1,395	7.9
Rockingham	3.3	17,179	1,548	7.1
Total - WA	42.1	202,890	19,866	

VICTORIA

Altona ⁴	3.4	9,254	1,090	5.2
Bayswater	4.9	17,677	2,088	5.8
Blackburn (Industrial)	4.1	20,401	1,783	4.7
Broadmeadows	1.8	12,765	1,718	7.5
Caroline Springs	3.0	14,212	1,538	7.9
Craigieburn	4.6	16,764	1,442	8.9
Croydon	3.8	13,292	1,745	13.3
Dandenong	3.1	12,313	1,347	4.4
Epping	3.1	12,027	1,182	5.7
Fountain Gate	3.2	12,624	1,438	6.6
Frankston	3.7	13,843	1,926	8.5
Hawthorn	0.8	7,462	3,008	7.3
Maribyrnong (land) ⁵	3.4	-	-	-
Mentone	2.5	11,814	1,502	5.2
Mornington	4.0	13,324	1,574	8.5
Northland	3.3	14,460	1,779	7.1
Nunawading ⁶	3.4	14,766	2,241	11.6
Oakleigh South	4.4	16,949	1,847	3.7
Pakenham	3.5	14,867	1,725	6.4
Port Melbourne	3.0	13,846	1,753	6.7
Sandown	3.1	12,180	1,107	0.8
Scoresby	3.4	12,515	1,781	8.9
Sunshine	2.0	9,958	992	5.2
Vermont South	4.8	16,634	2,056	7.1
Total - VIC	80.3	313,947	38,662	

AUSTRALIAN CAPITAL TERRITORY

Fyshwick ⁷	2.8	6,648	1,166	4.5
Tuggeranong	2.8	11,857	1,528	10.4
Total - ACT	5.6	18,505	2,694	

SOUTH AUSTRALIA

Mile End	3.3	14,888	2,231	11.7
Noarlunga	2.6	15,054	1,405	6.3
Regency Park (Blackwoods)	1.1	4,677	436	0.6
Total - SA	7.0	34,619	4,072	

As at 30 June 2013	Land area ha	Gross lettable area ¹ sq m	Annual rental ² \$000	Lease Expiry years
NEW SOUTH WALES				
Artarmon	0.7	5,746	1,579	9.6
Belmont North	4.0	12,640	914	2.7
Belrose	2.5	8,888	1,995	9.6
Blacktown (Blackwoods)	1.3	8,346	825	0.6
Coffs Harbour	2.5	8,657	837	3.4
Dubbo	4.5	16,344	1,364	7.4
Greenacre	2.2	13,528	2,333	8.8
Lismore	2.1	10,076	891	5.8
Maitland	3.7	12,797	1,255	6.3
Minchinbury ⁸	3.6	12,048	1,676	5.5
Port Macquarie	2.0	8,801	877	5.4
Thornleigh	1.2	5,301	1,287	6.2
Villawood	2.6	10,886	1,545	4.9
Wagga Wagga	3.6	13,774	1,273	7.8
Wallsend ⁹	5.6	-	-	-
Wollongong	2.7	10,811	1,360	4.6
Total - NSW	44.8	158,643	20,011	

QUEENSLAND

Browns Plains	4.7	18,398	2,731	3.7
Burleigh Heads	3.3	12,428	1,480	5.3
Cairns	2.4	12,917	1,265	4.6
Cannon Hill	3.6	16,470	2,045	10.8
Fairfield Waters	2.9	13,645	1,475	7.8
Gladstone	5.5	21,511	2,874	3.6
Hemmant (Distribution Centre)	3.5	21,523	2,226	0.8
Hervey Bay	3.0	11,824	1,165	4.5
Morayfield	3.2	12,507	1,631	11.7
Mount Gravatt	2.7	11,824	1,096	2.5
Rocklea	3.1	12,671	1,548	5.3
Smithfield	3.1	13,094	1,379	7.9
Southport	3.5	12,431	1,458	10.4
Underwood	2.9	12,245	1,370	5.3
Total - QLD	47.4	203,488	23,743	
Grand Total	227.2	932,092	109,048	

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

⁴ includes additional land (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$221,636 per annum

⁵ development site for which Bunnings Group Limited pays the Trust an access fee of \$602,482 per annum

⁶ includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,935 per annum

⁷ includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum

⁸ includes adjoining property (0.5 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$340,551 per annum

⁹ development site for which Bunnings Group Limited pays the Trust an access fee of \$233,870 per annum

During the year our focus on sustainability continued to be primarily directed towards systems and processes to provide for improved data collection, measurement and reporting, and management of sustainability issues. We have also undertaken a number of practical measures to improve our sustainability.

OUR COMMITMENT

The board has adopted a set of Sustainability Principles, shown in the accompanying table, for incorporating environmental, social and governance (“ESG”) issues into the Trust’s policies, practices and processes. These principles are based on the United Nations Principles for Responsible Investment and reflect the Trust’s commitment to sustainability and represent the benchmark against which the Trust will report on its activities and achievements.

OUR SUSTAINABILITY PRINCIPLES

We are committed to acting responsibly and ethically and operating our business in a manner that is sustainable.

We have developed the following principles for incorporating environmental, social and governance (“ESG”) issues into our policies, practices and processes.

- 1 We will consider ESG issues in our investment analysis and decision-making processes.
- 2 We will address ESG issues in policies and practices regarding our ownership of our assets and our use of resources.
- 3 We will engage with suppliers and tenants on ESG issues.
- 4 We will report on the progress of our ESG activities and initiatives.
- 5 We will continue to build on our knowledge and understanding of ESG and ways of addressing ESG issues in order that we can assess opportunities for improved ESG performance.

KEY IMPACTS

The size and nature of the Trust’s operations mean that the actual or potential impacts on the environment and society are considered relatively modest. Social and governance impacts are considered to be limited due to the passive nature and localised scope of the Trust’s operations and the regulated environment in which it operates. Environmentally, the Trust’s ownership and management of established commercial property is considered to be low intensity in terms of emissions, waste, and use of energy and materials, and low impact on biodiversity.

The main sources of environmental impact over which we have operational control relate to indirect greenhouse gas emissions from: the purchase of electricity for lighting to common areas of some investment properties; business travel; and upstream manufacture of capital goods that are procured directly for the Trust. The estimated emissions from these sources (based on a measure of carbon dioxide equivalent (“CO₂-e”)) are provided in the sustainability section of the Trust’s website at www.bwptrust.com.au under the About Us tab.

KEY RISKS AND OPPORTUNITIES

Our annual strategic planning and risk review processes consider a broad range of factors that may impact our operations and the long-term sustainability of our business. This general assessment of risks and opportunities included a specific, detailed review of the impact of climate change. No material risks or opportunities arising from ESG issues have been identified, having regard to the current scale, scope and nature of our operations.

From a broad perspective, ESG risks are mitigated by the following factors: the solely domestic scope of the Trust’s activities; the relatively passive nature of the Trust’s business (essentially, leasing out established commercial property for retail use); its relatively uncomplicated and transparent structure; and the highly regulated framework under which the Trust and responsible entity operate.

SUSTAINABILITY CONTINUED

IMPLEMENTING OUR APPROACH TO ESG

To promote an ongoing focus and priority on ESG issues, sustainability has been expressly incorporated into the Trust's strategies, objectives and investment criteria. As part of the strategic planning process during the year ESG initiatives were included in action items in the annual business plan and responsibility for achieving these is included in annual performance objectives for individuals within the management team. Progress of the action items in the business plan is reviewed at each board meeting. Progress on individual performance objectives is monitored periodically during the year and achievement of performance objectives contributes towards 50 per cent of the individual's short-term remuneration incentives. The main initiatives are summarised in the Summary of performance and future priorities table opposite.

In assessing proposed acquisitions and upgrades of existing investment properties we consider what features are to be or may be incorporated to enhance the sustainability and lessen the environmental impact of the improvements and the property overall.

TARGETS

ESG targets, at this stage, are mainly based on achieving outcomes to improve our understanding, measurement and reporting of ESG issues. These targets are included in the annual business plan and individual performance objectives of the management team, which are included in assessing short-term incentives (refer to the immediately preceding section, Implementing our approach to ESG). Examples of the targets are shown under Future priorities in the opposite table. In addition, specific performance measures have been implemented in respect to social issues, such as health and safety and diversity. For example, the responsible entity has an annual target of no lost time or medical treatment for work related injuries and had a target during the year to have at least one female director on the responsible entity's board by 31 December 2012 – both of which were achieved. We will not set specific quantitative targets relating to emissions, and energy and water usage until we have better baseline data, and are more advanced in our monitoring and understanding of data.

DISCLOSURE

The Trust's reputation could suffer if it failed to adequately address sustainability issues. Conversely, improving the level of understanding, disclosure and action regarding sustainability as it relates to the Trust's operations provides an opportunity to enhance the Trust's standing with stakeholders and this is a key driver of our objective to improve ESG disclosure.

Last year we adopted the Global Reporting Initiative as a framework for reporting, to provide stakeholders with more comprehensive and comparable information. In an effort to recognise different stakeholder preferences as to the level of detail and areas of interest on sustainability, and to provide more flexibility in reporting on ESG, we have chosen to provide a more general review of sustainability in this report and provide further detail on the Trust's website and through our participation in the Carbon Disclosure Project. Further detail is available in the Sustainability section, under the About Us tab, of the Trust's website at www.bwptrust.com.au.

SUMMARY OF PERFORMANCE AND FUTURE PRIORITIES

Sustainability principle	Performance during the year	Future priorities
1 ESG in investment analysis and decisions	<ul style="list-style-type: none"> > All eight investment proposals put to the board during the year expressly considered ESG issues. > The choice of component material and packaging and handling requirements for roof safety improvements made to 16 properties (refer also under item 2) were based on reducing embodied carbon, energy use and waste. Using fibre glass for walkways is estimated to have produced less than a ¼ of the embodied carbon required for aluminium, saving an estimated 388 tonnes CO2-e to the point of installation. 	<ul style="list-style-type: none"> > Continue to refine and expand ESG assessment criteria for investment analysis and decision making.
2 ESG in asset ownership and resource use	<ul style="list-style-type: none"> > Roof access and safety improvements completed for 16 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. > Completed a pilot site metering project for the multi-tenanted Pakenham property to allow electricity consumption for common areas and water and electricity for individual tenancies to be more accurately measured and monitored. > Commenced roll-out of site metering for the remaining six multi-tenanted properties. > Revised the health and safety systems and processes for ongoing management of the portfolio, specifically addressing multi-tenanted properties. > A further 21 air conditioning units replaced to phase out ozone depleting models and initiatives introduced to improve efficiency of air conditioning units. > New standard lease for multi-tenanted premises improves the commercial viability of installing renewable energy systems. 	<ul style="list-style-type: none"> > Complete the roll out of site metering systems to remaining multi-tenanted properties to allow more accurate measurement and monitoring of electricity and water usage for common areas and tenancies. > Continue programme for phasing out ozone depleting air conditioning. > Adoption of sustainability initiatives in the showroom development at Harrisdale property .
3 Tenant and supplier engagement	<ul style="list-style-type: none"> > Continued dialogue with Bunnings regarding its sustainability initiatives. 	<ul style="list-style-type: none"> > Continue to engage with tenants for a co-operative approach to sustainability initiatives.
4 ESG reporting	<ul style="list-style-type: none"> > Maintained a similar disclosure rating for the 2012 Carbon Disclosure Project as for 2011, although this score was below the requirement for inclusion in the disclosure leadership index. > Responded to the 2013 Carbon Disclosure Project. > Global Reporting Initiative framework as the basis for more comprehensive and comparable disclosure. 	<ul style="list-style-type: none"> > Broaden scope of ESG disclosure to other relevant and material topics. > Improve scope and level of quantitative disclosure. (e.g. carbon emissions intensity, water usage, including ground transport with business travel).
5 Build knowledge and understanding	<ul style="list-style-type: none"> > Continued with training of management team in property related sustainability topics. 	<ul style="list-style-type: none"> > Establish baseline data for energy, and water consumption and emissions for common areas of multi-tenanted properties. > Investigation of alternative, lower emission electricity sources for piloting at a multi-tenanted property.

DIRECTORS AND SENIOR MANAGEMENT

JOHN A AUSTIN

ASSOC DIP VAL, FAPI (VAL&ECON),
AGE: 67

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 42 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 until his resignation in February 2012, and Chairman of Leighton Properties Pty Ltd until his resignation in July 2012.

BRYCE J H DENISON

FCA, FCPA, AGE: 65

Non-executive external director

Chairman of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the board in October 2009. Bryce is a qualified accountant who previously held the position of General Manager, Group Accounting with Wesfarmers from 1986 to 2004. He has previously been the National President of the Group of 100 and has been a member of the Australian Accounting Standards Board. Prior to joining Wesfarmers, Bryce held various positions with accounting firm Ernst & Young over a 19 year period. He is a Fellow Member of the Institute of Chartered Accountants in Australia and CPA Australia.

FIONA E HARRIS

BCOMM, FCA, FAICD, AGE: 52

Non-executive external director

Member 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 18 years, Fiona has held board positions for over 25 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, a company providing consulting services in the areas of strategy and governance; director of ASX Listed companies Oil Search Limited, Aurora Oil & Gas Limited, Infigen Energy Limited Group, and Sundance Resources Limited; and Director of private company Perron Group Limited.

Past listed company directorships held in the last three years include Territory Resources 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 D HIGGINS

FAPI, AGE: 67

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 42 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 (former 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.

ANTHONY (TONY) J HOWARTH AO

AGE: 61

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.

Past directorships of listed companies held in the last three years include Deputy Chairman of Bank of Queensland Limited and Director of AWB Limited.

Tony is also Chairman of St John of God Healthcare Inc, a Director of Alinta Holdings and a Fellow of AICD. He is also 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 the Senate of the University of Western Australia, a member of



Front: Peter Mansell, Fiona Harris, John Austin, Bryce Denison
Back: Tony Howarth, Grant Gernhoefer, Rick Higgins

the Rio Tinto WA Future Fund and the University of Western Australia Business School Advisory Board, Chairman of the International Chamber of Commerce, Australia Limited and Deputy Chairman of West Australian Rugby Union Inc.

PETER J MANSELL

BCOMM, LLB, HDIP TAX, AGE: 66

Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the board in 1998. Peter practised as a commercial lawyer for some 35 years until he retired as a partner of Freehills (now Herbert Smith Freehills) in February 2004.

Over the years as a solicitor, he has advised extensively on a number of wide-ranging corporate transactions. He was President of the Council of the Australian Institute of Company Directors, Western Australian Division in 2002 and 2003, and during that time sat on the national board of the Australian Institute of Company Directors Ltd.

Peter is currently Chairman of ASX listed companies Ampella Mining Limited and Bullabulling Gold Limited. Until April 2013 he was a director of Nyrstar N.V. (Belgium), a company listed on Euronext. He has previously held a number of other directorships in various industries.

Peter is also a director of the following not-for-profit organisations: Cancer Research Pty Ltd (Chairman);

Foodbank Australia Limited and Foodbank of Western Australia Inc (Chairman).

GRANT W GERNHOFER

BCOMM, LLB, AGE: 50

General Manager

Manager since January 2006. For the 12 years prior to becoming General Manager, Grant worked for Wesfarmers, initially as an in-house legal counsel and then in managing the group's risk management and insurance program. Prior to joining Wesfarmers, Grant worked in the building industry in Australia and overseas.



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").

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 of the responsible entity, which were in place throughout the year and at the date of this report. In accordance with the ASX Principles, copies of board and committee charters and many of the policies and documents mentioned in this statement can be found on the website: www.bwptrust.com.au.

The ASX Principles have been drafted primarily for listed companies, and not all of the recommendations are readily applicable for a registered managed investment scheme and its responsible entity. However, the responsible entity seeks to comply with the majority of the ASX Principles. Where it does not, it is largely in respect of obligations to disclose material or matters where the nature of regulation of listed trusts or of the Trust's business is such that the board of the responsible entity considers that there has been no detriment to the unitholders of the Trust from non-compliance. Areas of non-compliance and the reasons for non-compliance are noted in this statement.

RELATIONSHIP BETWEEN THE RESPONSIBLE ENTITY AND WESFARMERS

The responsible entity is a wholly owned subsidiary of Wesfarmers. 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 66 of this report. The responsible entity and Wesfarmers have one director in common. All directors of the responsible entity are ultimately appointed by the sole shareholder, Wesfarmers Limited. Further information regarding the relationship and transactions with Wesfarmers is detailed in Note 21(d) 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.

Left image Northland, Vic

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 16 September 2010 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.

CORPORATE GOVERNANCE CONTINUED

The board has delegated responsibility for the day-to-day management of the Trust to the General Manager.

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 STRUCTURE

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 six non-executive directors, five of whom meet the external director requirements of section 601JA of the Act.

In 2012 the board completed a board succession plan and a competencies review and identified the need for at least one additional director. Fiona Harris was identified with the assistance of an external recruitment firm and appointed to the board on 1 October 2012.

Under the provisions of the Trust compliance plan, Wesfarmers may nominate one director to the responsible entity board.

Previously Peter Johnston was the Wesfarmers nominated director. Tony Howarth was nominated by Wesfarmers Limited and appointed to the board on 1 October 2012, shortly before Peter Johnston's retirement on 10 December 2012.

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

The board is satisfied that the composition of the board accords with the requirements in the Trust's compliance plan to maintain an appropriate range of backgrounds, skills and experience.

Details of directors in office at the date of this report are set out on pages 21 to 22 of this report.

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.

Five directors of the responsible entity 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). 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 and Bryce Denison.

Tony Howarth was nominated to the board by Wesfarmers and is a director on the Wesfarmers board. For these reasons, Mr Howarth is not eligible to be considered an "external" director. 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, (which occurs on average once every two or three years), Mr Howarth proposes to limit 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.

Bryce Denison has a shareholding in Wesfarmers Limited which represents a "material personal interest" in the shares of Wesfarmers from his perspective. Prior to commencement of any significant transaction between the Trust and a Wesfarmers entity, the board considers if that transaction is likely to have a material effect on the value of the Wesfarmers shares or dividends, a consequence of which could be a conflict of interest for Mr Denison. The board has found that most related party transactions that are significant to the Trust are not significant from a Wesfarmers Group perspective, and therefore unlikely to have any impact on the Wesfarmers share price or dividends. Accordingly the board has determined in all significant transactions to date that Bryce Denison's interest in Wesfarmers shares has not represented a material interest for him in related party transactions between the Trust and Wesfarmers' entities. On this basis, and combined with his balanced and valued contributions to board discussions, the board has determined that he is an external director who brings an independent judgement to all board decisions.

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.

SELECTION AND APPOINTMENT OF DIRECTORS

The responsible entity has recognised the importance of having a balanced board comprised of directors with an appropriate range of backgrounds, skills, experience and diversity. 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.

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.

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 10 meetings, two interstate site tours and one offsite strategy review day.

Table 1 Directors' meeting attendances

Director	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr JA Austin	10	10	2	2	2	2
Mr BJH Denison	10	10	2	2	2	2
Ms FE Harris ¹	8	8	1	1	1	1
Mr RD Higgins	10	10	2	2	2	2
Mr AJ Howarth ¹	8	7	1	1	1	1
Mr PJ Johnston ²	6	6	1	1	2	2
Mr PJ Mansell	10	10	2	2	2	2

¹Joined on 1 October 2012

²Retired on 10 December 2012

CORPORATE GOVERNANCE CONTINUED

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 at www.bwptrust.com.au.

FINANCIAL REPORTING

General Manager's declaration

In accordance with section 295A of the Corporations Act 2001, the Trust's financial report preparation and approval process for the financial year ended 30 June 2013, involved the General Manager of the responsible entity providing a written statement to the board that, to the best of his knowledge and belief:

- > the Trust's financial report presents a true and fair view of the Trust's financial condition and operating results and is in accordance with applicable accounting standards; and
- > the Trust's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.

REMUNERATION AND NOMINATION COMMITTEE

The board has a formally constituted Remuneration and Nomination Committee. A copy of the Remuneration and Nomination Committee Charter is available on the Trust's website.

The committee consists of the entire board and is chaired by the Chairman of the board. During the year the committee held two meetings. Refer Table 1 for attendance record.

AUDIT AND RISK COMMITTEE

The compliance plan entrenches processes for reporting and audit purposes.

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 committee consists of the entire board and is chaired by an external director, who is not the chairman of the board. During the year the committee held two meetings. Refer Table 1 for attendance record.

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 2013. 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 systems. The committee is responsible for reviewing the effectiveness of those systems and recommending improvements to them.

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 interest rates; and
- > an insurance and risk management programme.

GENERAL MANAGER'S STATEMENT

In accordance with ASX Principle 7, the General Manager has provided the board with a written statement that:

- > the statement given with respect to the integrity of the financial statements (referred to in the Financial reporting section) was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board of the responsible entity; and
- > the Trust's risk management and internal compliance and control system was operating effectively in all material respects in relation to financial reporting risks.

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 November 2011. The next review is due in the second half of calendar year 2013.

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 5 to the financial statements in this report. The constitution is available from ASIC and is available to unitholders on request.

REMUNERATION OF 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 2013, each director was entitled to a director's fee. 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 21(b) to the financial statements.

DIVERSITY POLICY

Commitment to diversity principles

The responsible entity is a wholly owned subsidiary of Wesfarmers. The Wesfarmers diversity policy applies to all Wesfarmers' business units and subsidiary companies and is published on the Wesfarmers website.

The responsible entity's board and management understand that diversity relates to inclusiveness of all people, regardless of their gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or any other area of difference. A commitment to diversity involves fostering a work environment that is free of discrimination and harassment and which ensures equal pay for equal work. Fostering diversity at all levels improves creativity and innovation, and supports the development of an enhanced talent pipeline for key and future roles by enabling access to a broader pool of talent. While opportunities to set meaningful diversity targets are presently limited for the responsible entity and the Trust (as explained below), the responsible entity's commitment to the principles of diversity is demonstrated daily by its support for flexible working arrangements as required to permit its staff and contractors to meet important family responsibilities, and its treatment of all staff and service providers equally and with respect, irrespective of differences.

Responsible entity's workforce

A key differentiating factor for our business is that neither the listed entity, the Trust, nor the unlisted responsible entity has any direct employees. The responsible entity is presently staffed by only 6.6 full time equivalents ("FTEs") who have been seconded from Wesfarmers to act exclusively for the responsible entity and the Trust. In addition one external contractor (0.5 FTE) has been engaged to provide company secretarial and compliance management services. In total, of the seven FTE personnel servicing the responsible entity on a daily basis, two FTEs (consisting of one full time and one part time employee and one part time contractor) are female. The most senior responsible entity executive is the General Manager, who is the chief executive officer. This executive position has been occupied by both genders, indicating that to date, there have been no gender barriers for the most senior executive position at the responsible entity.

The responsible entity's staffing requirements are not expected to increase in the foreseeable future. Due to the small and stable nature of the responsible entity's workforce, it is not considered appropriate or useful to set gender specific, or other diversity specific, performance targets that relate specifically to the responsible entity and the Trust operations. Rather it is expected that the responsible entity will be a natural beneficiary of the success of the overall Wesfarmers Group diversity policy by way of greater access

CORPORATE GOVERNANCE CONTINUED

to a broader talent pool from which to obtain future staff and support services. To the extent that it can, the responsible entity is committed to working within the guiding principles and objectives set out in the Wesfarmers diversity policy.

Responsible entity board

Following a review of the board composition in 2012, the board set itself the objective of having at least one female member by the end of calendar year 2012. An independent recruitment firm was instructed to identify suitable non-executive director candidates with an instruction that the shortlist should consider diversity principles and contain representatives from each gender. Fiona Harris was identified as having the appropriate skills and experience to best meet the recruitment objectives and with her appointment in October 2012, the board was able to meet its 2012 diversity goal.

BWPM female participation rates as at 30 June 2013	%	No.
BWPM non-executive directors	17	1 of 6
Executive, professional and management roles	14	0.5 of 3.5 (FTE)
Total workforce	28	2.0 of 7.1 (FTE)

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 has adopted a code of conduct that sets out minimum acceptable standards of behaviour to ensure that dealings are conducted with integrity and honesty, and that the highest standards of corporate behaviour and accountability are maintained.

In addition, the board has adopted the Code of Conduct for directors recommended by the Australian Institute of Company Directors.

SUSTAINABILITY

The responsible entity is committed to acting responsibly and ethically and operating its business in a manner that is sustainable. Further information on the Trust's sustainability principles and practices are provided on pages 18 to 20.

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bwp TRUST

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

	Note	June 2013 \$000	June 2012 \$000
Rental income		107,311	98,048
Other property income	2	1,778	2,716
Finance income	4	140	434
Total revenue		109,229	101,198
Finance costs	4	(21,780)	(20,518)
Responsible entity's fees	5	(7,255)	(6,367)
Other operating expenses	2, 6	(4,426)	(3,747)
Net profit before unrealised gains/(losses) in fair value of investment properties		75,768	70,566
Unrealised gains/(losses) in fair value of investment properties	11	34,805	(635)
Net profit attributable to unitholders of BWP Trust		110,573	69,931
Other comprehensive income/(loss)			
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	4	4,349	2,091
- Unrealised losses on cash flow hedges	4	(852)	(16,796)
Total comprehensive income for the year attributable to the unitholders of BWP Trust		114,070	55,226
Basic and diluted earnings (cents per unit) resulting from net profit	8	20.78	13.40

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 2013

	Note	June 2013 \$000	June 2012 \$000
ASSETS			
Current assets			
Cash	9	11,063	24,732
Deposits for purchases of investment properties		4,185	-
Receivables and prepayments	10	4,897	3,871
Assets held for sale	11(d)	4,100	-
Total current assets		24,245	28,603
Non-current assets			
Investment properties	11	1,374,444	1,306,563
Total non-current assets		1,374,444	1,306,563
Total assets		1,398,689	1,335,166
LIABILITIES			
Current liabilities			
Payables and deferred income	12	14,077	14,071
Derivative financial instruments		99	248
Distribution payable	7	38,396	42,231
Total current liabilities		52,572	56,550
Non-current liabilities			
Interest-bearing loans and borrowings	13	296,492	288,890
Derivative financial instruments		12,417	15,765
Total non-current liabilities		308,909	304,655
Total liabilities		361,481	361,205
Net assets		1,037,208	973,961
UNITHOLDERS' EQUITY			
Issued capital	14	707,363	682,435
Hedge reserve	15	(12,516)	(16,013)
Undistributed income		342,361	307,539
Total unitholders' equity		1,037,208	973,961

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

bwp TRUST

Statement of cash flows

For the year ended 30 June 2013

	Note	June 2013 \$000	June 2012 \$000
Cash flows from operating activities			
Rent received		122,888	113,673
Payments to suppliers		(18,527)	(16,028)
Payments to the responsible entity		(7,008)	(6,304)
Finance income		140	434
Finance costs		(21,370)	(20,650)
Net cash flows from operating activities	16	76,123	71,125
Cash flows from investing activities			
Proceeds from the sale of an investment property		-	14,341
Payments of deposits for purchases of investment properties		(4,185)	-
Payments for purchase of, and additions to, investment properties		(38,551)	(93,058)
Loans to related parties		-	850
Net cash flows used in investing activities		(42,736)	(77,867)
Cash flows from financing activities			
Proceeds of borrowings		7,602	78,046
Distributions paid		(54,658)	(55,514)
Net cash flows (used in)/from financing activities		(47,056)	22,532
Net (decrease)/increase in cash		(13,669)	15,790
Cash at the beginning of the financial year		24,732	8,942
Cash at the end of the financial year	9	11,063	24,732

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 2013

	Issued capital \$000	Undistributed income \$000	Hedge reserve \$000	Total \$000
Balance at 1 July 2011	673,311	314,316	(1,308)	986,319
Total comprehensive income for the year attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	69,931	-	69,931
Other comprehensive loss: effective portion of changes in fair value of cash flow hedges	-	-	(14,705)	(14,705)
Total comprehensive income for the year	-	69,931	(14,705)	55,226
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(76,708)	-	(76,708)
Equity issued during the year:				
Distribution Reinvestment Plan	9,124	-	-	9,124
	9,124	(76,708)	-	(67,584)
Balance at 30 June 2012	682,435	307,539	(16,013)	973,961
Balance at 1 July 2012	682,435	307,539	(16,013)	973,961
Total comprehensive income for the year attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	110,573	-	110,573
Other comprehensive income: effective portion of changes in fair value of cash flow hedges	-	-	3,497	3,497
Total comprehensive income for the year	-	110,573	3,497	114,070
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(75,751)	-	(75,751)
Equity issued during the year:				
Distribution Reinvestment Plan	24,928	-	-	24,928
	24,928	(75,751)	-	(50,823)
Balance at 30 June 2013	707,363	342,361	(12,516)	1,037,208

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 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial statements have been prepared in accordance with the requirements of the constitution of BWP Trust ("the Trust") and Australian Accounting Standards. The financial statements have been prepared on an historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value.

The financial statements are 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.

(b) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Trust comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The Trust has adopted 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 2012. 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.

A number of new standards, amendments to standards and interpretations are available for early adoption but have not been applied in preparing these financial statements. 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.

(c) 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. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Investment properties – operating leases

The Trust has entered into commercial property leases on its investment portfolio.

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 (see Notes 1(e), 1(o), and 11(c)).

Investment properties – valuations

Investment properties are revalued each balance date to reflect their fair value according to the Trust's policy on valuing assets and applying generally accepted valuation criteria, methodology and assumptions (see Notes 1(e) and 11(a)).

Financial instruments - valuations

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments (see Note 1(n)).

(d) 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.

(e) Investment properties

Initially, investment properties are measured at cost including transaction costs. Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, and during development includes rates, taxes, financing charges and related professional fees incurred, net of sundry income. Subsequent to initial recognition investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

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 gains would be distributed to unitholders.

(f) Assets held for sale

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 generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

(g) Cash

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.

(h) 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.

(i) 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.

Notes to the financial statements

For the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Payables**

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.

(k) Distribution payable

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 results 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.

(l) Revenue

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.

The following specific measurement criteria must also be met before revenue is recognised:

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.

Interest income

Revenue is recognised as the interest accrues, using the effective interest method.

(m) Taxation**Income Tax**

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.

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.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(n) Derivative financial instruments

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.

Derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

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.

(o) Leases

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.

Operating leases

The rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the net profit in accordance with the revenue recognition policy at Note 1(l).

Leasing fees incurred in relation to the on-going 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.

(p) 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.

The Trust operates a Distribution Reinvestment Plan ("DRP"). An issue of units under the DRP results in an increase in issued capital.

(q) 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.

(r) Segment Reporting

The Trust determines and presents its operating segment based on the internal information that is provided to the General Manager, 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. Refer to notes 18 and 21 for further information.

The operating results are regularly reviewed by the General Manager 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 General Manager and the financial statements relating to revenue, profit or loss, assets and liabilities or other material items.

Notes to the financial statements

For the year ended 30 June 2013

2. RECLASSIFICATION OF RECOVERABLE OUTGOINGS

Other property income and other operating expenses for the year ended 30 June 2012 have been adjusted down by \$892,931 respectively due to a reclassification of recoverable outgoings adopted for the current accounting year ending 30 June 2013. For the full year to 30 June 2012 and prior years, all property outgoings paid directly by the Trust were included as other operating expenses and recoveries from the tenants, in accordance with the respective lease terms, were included as other property income. To provide greater transparency of the non-recoverable property outgoings, the recoverable outgoings expenses and recoveries made from tenants are now netted off so that only the non-recoverable outgoings are included in other operating expenses. Net profit for the prior period remains unchanged. Comparatives in the prior year have been amended accordingly.

3. AUDITOR'S REMUNERATION**Auditing and review of the financial statements**

KPMG Australia

June 2013	June 2012
\$	\$

76,029	70,925
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Other services

KPMG Australia – taxation services

22,300	20,430
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98,329	91,355
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4. FINANCE INCOME AND EXPENSE**Recognised directly in profit and loss**

Finance income - interest income on bank deposits

June 2013	June 2012
\$000	\$000

140	434
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Finance expense:

- Interest expense on financial liabilities measured at amortised cost

(17,431)	(18,427)
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- Interest expense on interest rate swaps

(4,349)	(2,091)
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Total finance expenses

(21,780)	(20,518)
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Net finance income and expense

(21,640)	(20,084)
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Recognised in other comprehensive income/(loss)

Net gains/(losses) on cash flow hedges for the year:

- Realised losses transferred to profit or loss

4,349	2,091
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- Unrealised losses on cash flow hedges

(852)	(16,796)
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Finance expense recognised in other comprehensive income

3,497	(14,705)
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5. 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 21(d)(ii)e).

6. OTHER OPERATING EXPENSES

	June 2013 \$000	June 2012 \$000
Non-recoverable property costs ¹	3,923	3,331
Other operating expenses	503	416
	4,426	3,747

¹ Included in non-recoverable property costs are amounts payable of \$1,575,018 (2012: \$1,507,090) for Queensland Land Tax which under the respective state legislation cannot be on-charged to tenants

7. 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. A reconciliation is provided below:

	June 2013 \$000	June 2012 \$000
7.00 cents (2012: 6.63 cents) per unit, interim distribution paid on 26 February 2013	37,355	34,477
7.14 cents (2012: 8.04 cents) per unit, final distribution provided	38,396	42,231
	75,751	76,708
Net profit attributable to unitholders of BWP Trust	110,573	69,931
Net realised profit on sale of investment property ¹	-	6,150
Net unrealised (gains)/losses in fair value of investment properties	(34,805)	635
Distributable profit for the year	75,768	76,716
Opening undistributed profit	17	9
Closing undistributed profit	(34)	(17)
Distributable amount	75,751	76,708
Distribution (cents per unit)	14.14	14.67

¹ Net sale proceeds less original purchase price and capital expenditure since acquisition

bwp TRUST

Notes to the financial statements

For the year ended 30 June 2013

	June 2013	June 2012
8. EARNINGS PER UNIT		
Net earnings used in calculating basic and diluted earnings per unit	\$110,573,000	\$69,931,000
Basic and diluted earnings per unit	20.78 cents	13.40 cents
Basic and diluted earnings per unit excluding unrealised gains/losses in fair value of investment properties	14.24 cents	13.52 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	532,204,054	521,831,842

	June 2013	June 2012
	\$000	\$000
9. CASH		
Cash at bank	11,063	24,732
Weighted average effective interest rates	2.82%	4.00%

The Trust's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are set out in Note 18.

10. RECEIVABLES AND PREPAYMENTS**Current**

Receivables from Wesfarmers Limited subsidiaries	572	393
Other receivables	309	296
Prepayments	4,016	3,182
	4,897	3,871

Wesfarmers Limited is a related party (see Note 21 (d)(i)).

11. INVESTMENT PROPERTIES (NON-CURRENT)**(a) Cost and fair value of investments**

Property	Acquisition date	Purchase price \$000	Acquisition costs \$000	Capital improvements since acquisition \$000	Fair value adjustment since acquisition \$000	Fair value 30 June 2013 \$000	Fair value 30 June 2012 \$000	Last independent valuation
Albany, WA	01.11.99	4,100	222	2,650	5,728	12,700	9,600	31.12.10
Altona, VIC	24.09.98	6,800	566	2,781	6,210	16,357	16,257	31.12.12
Artarmon, NSW	10.02.03	14,033	864	212	6,691	21,800	21,800	31.12.11
Balcatta, WA	24.09.98	11,200	555	105	13,540	25,400	25,100	30.06.12
Bayswater, VIC	11.02.03	7,335	796	13,541	4,228	25,900	25,000	30.06.12
Belmont, WA	01.04.11	16,670	921	19	90	17,700	16,600	15.01.11
Belmont North, NSW	04.12.06	10,850	634	298	[982]	10,800	10,500	31.12.12
Belrose, NSW	10.02.03	17,150	1,054	256	8,140	26,600	26,600	31.12.11
Bibra Lake, WA	29.12.98	1,899	95	6,431	13,075	21,500	20,500	30.06.13
Blackburn, VIC	15.01.08	19,000	1,123	1,254	[2,977]	18,400	17,800	31.12.10
Blacktown, NSW	24.01.07	8,235	540	259	[2,434]	6,600	6,500	31.12.12
Broadmeadows, VIC	24.09.98	7,200	431	6,485	8,084	22,200	21,700	30.06.13
Browns Plains, QLD	05.04.12	24,000	1,402	58	540	26,000	24,000	01.04.12
Burleigh Heads, QLD	22.10.98	9,700	195	342	6,163	16,400	16,100	30.06.12
Cairns, QLD	10.02.03	10,000	453	2,536	1,211	14,200	14,300	31.12.11
Cannon Hill, QLD	24.12.98	5,600	313	7,942	11,645	25,500	24,500	30.06.13
Caroline Springs, VIC	23.05.11	19,080	1,098	14	308	20,500	19,300	15.01.11
Cockburn, WA	01.04.11	18,670	1,026	27	77	19,800	19,200	15.01.11
Coffs Harbour, NSW	05.09.01	1,900	112	4,567	221	6,800	6,800	31.12.11
Craigieburn, VIC	07.05.12	18,420	1,065	31	[316]	19,200	18,100	15.01.11
Croydon, VIC	24.09.98	7,800	518	5,736	10,046	24,100	23,000	31.12.12
Dandenong, VIC	19.04.02	4,000	255	6,746	5,799	16,800	16,800	31.12.10
Dubbo, NSW	05.08.11	15,790	1,004	28	[622]	16,200	15,700	15.01.11
Epping, VIC	12.03.99	7,800	463	88	6,449	14,800	14,000	31.12.12
Fairfield Waters, QLD	01.04.11	16,950	977	23	450	18,400	17,800	15.01.11
Fountain Gate, VIC	24.09.98	8,300	505	1,643	8,752	19,200	18,800	31.12.11
Frankston, VIC	26.06.01	7,300	301	9,528	8,571	25,700	25,200	30.06.13
Fyshwick, ACT	23.12.02	10,000	942	3,538	3,020	17,500	17,200	31.12.11
Geraldton, WA	10.12.01	1,250	351	5,301	8,598	15,500	13,200	30.06.13
Geraldton Showrooms, WA	11.09.07	2,897	190	836	[1,223]	2,700	2,600	30.06.13
Gladstone, QLD	28.09.12	27,000	1,569	102	[371]	28,300	-	13.08.12
Greenacre, NSW	01.04.11	13,250	850	17,431	[431]	31,100	29,500	15.01.11
Harrisdale, WA	01.04.11	10,000	573	8,670	457	19,700	18,600	15.01.11
Hawthorn, VIC	18.04.07	19,337	1,217	24,851	[5,305]	40,100	39,500	31.12.11
Hemmant, QLD	07.05.03	3,000	143	10,572	7,985	21,700	21,700	30.06.12
Hervey Bay, QLD	12.07.02	2,053	122	6,509	4,316	13,000	12,500	30.06.11
Joondalup, WA	24.09.98	8,100	593	67	7,640	16,400	16,300	30.06.12
Lismore, NSW	21.04.04	7,750	447	928	1,375	10,500	10,200	30.06.12
Maitland, NSW	20.08.03	898	489	9,936	3,877	15,200	15,500	31.12.12
Mandurah, WA	24.09.98	3,050	160	5,572	8,918	17,700	17,400	30.06.12
Maribyrnong, VIC (land)	28.06.01	7,100	462	-	-	7,562	7,562	N/A

Notes to the financial statements

For the year ended 30 June 2013

11. INVESTMENT PROPERTIES (NON-CURRENT) (continued)**(a) Cost and fair value of investments (continued)**

Property	Acquisition date	Purchase price \$'000	Acquisition costs \$'000	Capital improvements since acquisition \$'000	Fair value adjustment since acquisition \$'000	Fair value 30 June 2013 \$'000	Fair value 30 June 2012 \$'000	Last independent valuation
Mentone, VIC	24.09.98	9,400	542	104	9,954	20,000	20,000	30.06.12
Midland, WA	06.03.01	4,600	255	5,021	10,524	20,400	20,100	31.12.12
Mile End, SA	22.03.00	11,250	624	3,083	12,943	27,900	27,500	30.06.11
Minchinbury, NSW	31.12.98	9,200	503	4,332	12,522	26,557	25,457	30.06.11
Mindarie, WA	03.03.00	4,184	209	5,689	10,318	20,400	19,500	31.12.11
Morayfield, QLD	22.03.00	8,000	334	3,737	8,629	20,700	19,400	30.06.11
Morley, WA	04.07.05	11,100	642	479	2,979	15,200	14,800	30.06.11
Mornington, VIC	29.12.98	3,400	204	6,573	10,823	21,000	19,900	31.12.10
Mt Gravatt, QLD	18.12.08	11,215	659	64	(38)	11,900	11,500	31.12.11
Noarlunga, SA	13.04.99	2,305	124	7,442	7,729	17,600	17,400	30.06.11
Northland, VIC	24.09.98	8,600	489	3,852	10,759	23,700	22,400	31.12.11
Nunawading, VIC	24.09.98	13,700	786	3,198	14,803	32,487	31,887	31.12.11
Oakleigh South, VIC	05.04.01	6,650	374	9,205	6,871	23,100	21,900	30.06.13
Pakenham, VIC	01.04.11	20,250	1,187	28	(165)	21,300	20,300	15.01.11
Port Kennedy, WA	19.05.11	16,440	916	22	22	17,400	16,900	15.01.11
Port Macquarie, NSW	15.11.02	2,100	141	5,460	2,599	10,300	10,200	30.06.11
Port Melbourne, VIC	10.12.10	24,000	1,391	49	(440)	25,000	25,000	31.12.10
Regency Park, SA	24.01.07	-	-	-	-	-	4,700	30.06.13
Rockingham, WA	30.06.00	3,320	166	5,917	11,197	20,600	19,700	31.12.11
Rocklea, QLD	29.10.02	6,225	296	7,477	3,502	17,500	17,300	31.12.11
Sandown, VIC	24.09.98	7,800	446	51	1,703	10,000	10,000	31.12.11
Scoresby, VIC	24.09.98	8,300	473	5,493	9,434	23,700	22,700	31.12.12
Smithfield, QLD	19.05.11	15,250	890	41	419	16,600	16,100	15.01.11
Southport, QLD	09.11.98	2,800	188	6,927	7,185	17,100	16,500	30.06.12
Sunshine, VIC	24.09.98	7,000	407	118	5,275	12,800	11,900	30.06.13
Thornleigh, NSW	07.09.04	13,333	782	360	2,125	16,600	16,400	30.06.13
Tuggeranong, ACT	01.12.98	7,900	431	860	11,209	20,400	20,000	31.12.12
Underwood, QLD	22.10.98	3,000	178	6,141	6,581	15,900	15,700	30.06.12
Vermont South, VIC	14.05.03	9,150	635	14,362	2,353	26,500	26,200	31.12.10
Villawood, NSW	14.05.08	18,400	861	48	591	19,900	19,400	30.06.11
Wagga Wagga, NSW	01.04.11	15,000	932	39	(571)	15,400	15,500	30.06.13
Wallsend, NSW	30.01.13	2,770	211	-	-	2,981	-	N/A
Wollongong, NSW	10.02.03	12,000	628	301	4,071	17,000	17,000	31.12.11
		714,109	42,500	274,386	343,449	1,374,444	1,306,563	

(i) Valuation policy

Investment properties are carried at fair value.

Fair value is determined by a full independent valuation completed at least every three years by an independent valuer who holds a relevant professional qualification and has recent experience in the location and category of the investment property.

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

Initially, each investment property is measured at cost including transaction costs (see Note 1(e)). 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.

(ii) Methodology and significant assumptions**Independent valuations**

The independent valuer determines the most appropriate valuation method for each property. Methods used for valuations during the year were the discounted cash flow and capitalisation of income valuation methods. Details of the independent valuations conducted as at 30 June 2013 are provided at Note 11(b).

Directors' valuations

The directors adopt the capitalisation of income valuation method for all remaining properties including those under development. The capitalisation rate used varies across properties. The methodology of the directors' valuations is subject to an independent review process by Jones Lang LaSalle.

Discounted cash flow method

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 method

The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments, adjusted to take into consideration a number of factors including:

- > lease term remaining;
- > the relationship of current rent to the market rent;
- > the location;
- > for Bunnings Warehouses, distribution of competing hardware stores;
- > prevailing investment market conditions; and
- > other property specific conditions.

In completing the valuations, reliance was placed on market evidence of broadly comparable Bunnings Warehouses sold within the past 12 months, with capitalisation rates ranging between 7.62 per cent to 9.50 per cent (compared with the Trust's weighted average rate of 7.86 per cent).

Notes to the financial statements

For the year ended 30 June 2013

11. INVESTMENT PROPERTIES (NON-CURRENT) (continued)**(b) Independent valuations and valuers**

Property	Valuation date	Valuer
Thornleigh, NSW	30.06.13	Colliers International, Peter Macadam AAPI
Wagga Wagga, NSW	30.06.13	Colliers International, Peter Macadam AAPI
Cannon Hill, QLD	30.06.13	CBRE, Tom Irving AAPI
Regency Park, SA	30.06.13	m3property, Simon Hickin FAPI
Broadmeadows, VIC	30.06.13	JLL, Bernard Sweeney FAPI
Frankston, VIC	30.06.13	JLL, Bernard Sweeney FAPI
Oakleigh South, VIC	30.06.13	CBRE, Stephen Thomas AAPI
Sunshine, VIC	30.06.13	CBRE, Stephen Thomas AAPI
Bibra Lake, WA	30.06.13	CBRE, Jason Fenner AAPI
Geraldton, WA	30.06.13	Opteon, Mark Christie FAPI
Geraldton Showrooms, WA	30.06.13	Opteon, Mark Christie FAPI

(c) Operating leases

- (i) All of the properties listed in Note 11(a) are leased by Bunnings Group Limited except Trust properties at Blackburn, Maribyrnong, Blacktown, Regency Park; surplus land adjoining properties at: Albany (1.2 hectares), Altona (1.0 hectare), Minchinbury (0.5 hectares), Nunawading (0.1 hectares), Fyshwick (1.0 hectare); Geraldton Showrooms; showrooms co-located with Bunnings Warehouses at Bayswater, Browns Plains, Dubbo, Gladstone and Pakenham; and a pad site at Dubbo.
- (ii) General information regarding the duration of leases is as follows:
- > Bunnings Warehouse leases generally commit the tenant to an initial term of 10 or 15 years, followed by a number of optional terms of five years each exercisable by the tenant.
 - > Leases to non-Bunnings tenants generally commit the tenant to an initial term of between 5 and 10 years, followed by one or a number of optional terms of five years each exercisable by the tenant.
 - > At 30 June 2013, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.2 years (2012: 0.7 years) and the maximum lease expiry is 14.3 years (2012: 14.3 years), with a weighted average lease expiry for the portfolio of 6.8 years (2012: 7.7 years).
- (iii) Generally, rents are reviewed annually in line with movements in Consumer Price Indices compiled by the Australian Bureau of Statistics or a fixed percentage increase, except when a market rent review is due. Market rent reviews for most Bunnings Warehouses are due each fifth anniversary of the commencement date and for other leases at the exercise of each option by the tenant. Generally, market rents are agreed by the landlord and tenant or if not agreed, determined by an independent expert in accordance with generally accepted rent review criteria.
- (iv) The tenants are generally responsible for payment of most outgoings, which include all normal rates, taxes and assessments (other than land tax in some instances). At the Browns Plains and Gladstone properties, the non-Bunnings tenants do not contribute to outgoings, but each is responsible for payment of all of its respective utilities charges.

Notes to the financial statements

For the year ended 30 June 2013

- (v) Some of the leases of Bunnings Warehouses allow for the tenant to repurchase the properties in specified circumstances:
- a) At Bayswater, Morley, Thornleigh and Vermont South properties, the tenant may repurchase the property from the landlord in the event that:
- (i) the tenant proposes a redevelopment of the relevant property for which the tenant and landlord cannot agree commercial terms and at the time the tenant and landlord are not related bodies corporate; or
- (ii) the landlord and tenant cease to be related bodies corporate. In respect to the Bunnings Warehouses at Bayswater and Vermont South properties, in the event that the tenant and landlord cease to be related bodies corporate, the tenant may only exercise the right to repurchase at the end of the initial lease term and at the end of each further option term.
- b) If the right to repurchase is exercised in respect of any of these properties, the purchase price for the property will be a price to be agreed between the parties and failing agreement, a price determined by an appointed valuer based on the market value assuming vacant possession for the relevant property.
- (vi) There are no lease commitments receivable as at the reporting date.
- (vii) There were no contingent rentals recognised as revenues in the financial year.
- (viii) The future minimum non-cancellable rental revenues are:

	June 2013	June 2012
	\$000	\$000
Not later than one year	106,543	104,003
Later than one year not later than five years	387,236	380,932
Later than five years	244,972	319,493
	738,751	804,428

(d) Reconciliation of movement in investment properties

Opening balance at the beginning of the financial year	1,306,563	1,225,881
Acquisitions during the year	31,566	61,671
Divestments during the year	-	(14,341)
Reclassification to assets held for sale ¹	(4,100)	-
Capital improvements	5,610	33,987
Net unrealised gains/(losses) from fair value adjustments	34,805	(635)
Closing balance at the end of the financial year	1,374,444	1,306,563

¹ During the year, a decision was made to sell the Trust's Regency Park property, which has resulted in the property being revalued to its estimated net realisable value and being transferred from investments properties to assets held for sale

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Notes to the financial statements

For the year ended 30 June 2013

12. PAYABLES AND DEFERRED INCOME

	June 2013 \$000	June 2012 \$000
Current		
Trade creditors and accruals	3,226	3,474
Responsible entity's fees payable	2,016	1,769
Rent received in advance	8,835	8,828
	14,077	14,071

The Trust's exposure to liquidity risk in respect of payables is disclosed in Note 18.

13. INTEREST-BEARING LOANS AND BORROWINGS

	Expiry date	June 2013		June 2012	
		Limit \$000	Amount drawn \$000	Limit \$000	Amount drawn \$000
Australia and New Zealand Banking Group Limited	23 January 2017	150,000	56,500	150,000	88,000
Commonwealth Bank of Australia	31 July 2016	100,000	65,500	100,000	73,300
Westpac Banking Corporation	22 December 2016	180,000	175,500	180,000	128,500
Less: accrued interest and borrowing costs			(1,008)		(910)
Bank loans: non-current		430,000	296,492	430,000	288,890

At 30 June 2013 the minimum duration of the facilities was 37 months (2012: 19 months) and the maximum was 43 months (2012: 55 months) with a weighted average duration of 41.1 months (2012: 45.6 months). 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.

Refer to Note 18 for information on interest rate and liquidity risk.

14. ISSUED CAPITAL**(a) Book value of units on issue**

	June 2013 \$000	June 2012 \$000
Book value at the beginning of the financial year	682,435	673,311
Equity issued during the year – DRP:		
> August 2012: 8,390,697 units at \$1.8868 per unit	15,832	-
> February 2013: 4,108,164 units at \$2.2142 per unit	9,096	9,124
Book value at the end of the financial year	707,363	682,435

(b) Number of ordinary units on issue

	June 2013	June 2012
Number of fully paid units on issue at the beginning of the financial year	525,255,093	520,012,793
Issue of units during the year – DRP	12,498,861	5,242,300
Number of fully paid units on issue at the end of the financial year	537,753,954	525,255,093

(c) 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.

(d) Distribution Reinvestment Plan

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2013 and the preceding year.

15. RESERVES

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.

	June 2013	June 2012
	\$000	\$000
Opening balance at the beginning of the financial year	(16,013)	(1,308)
Net gains/(losses) on cash flow hedges for the year	3,497	(14,705)
Closing balance at the end of the financial year	(12,516)	(16,013)

16. CASH FLOW**(a) Reconciliation of operating profit to the net cash flows from operation**

Net profit	110,573	69,931
Net fair value change on investment properties	(34,805)	635
Increase in receivables and prepayments	(151)	(763)
Increase in payables and deferred income	506	1,322
Net cash flows from operating activities	76,123	71,125

(b) Reconciliation of cash

Cash balance comprises:		
Cash (see Note 9)	11,063	24,732

Notes to the financial statements

For the year ended 30 June 2013

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust has exposure to the following risks from its use of financial instruments:

- > credit risk;
- > liquidity risk; and
- > interest rate risk.

This Note and Note 18 present information about the Trust's exposure to each of these risks, and the Trust's objectives, policies and processes for measuring and managing risk, and managing capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors of the responsible entity has overall responsibility for the establishment and oversight of the Trust's risk management framework.

Risk management policies are established to identify and analyse all risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems contained in the Trust's compliance plan are reviewed regularly to reflect changes in internal operations and market conditions.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The Trust's principal financial instruments are bank loans. The main purpose of the bank loans is to raise finance for the Trust's operations. To assist in minimising the risk associated with maintaining adequate finance for the Trust's operations, the Trust sources borrowings from a range of reputable financial institutions under facilities with differing maturity dates.

The Trust has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Trust also enters into derivative transactions (interest rate swaps) to manage the interest rate risks arising from the Trust's operations. The main risk arising from the Trust's financial instruments is interest rate risk. The board of directors of the responsible entity reviews and agrees policies for managing this risk and this is summarised in Note 18.

18. FINANCIAL INSTRUMENTS

The Trust has recognised certain financial instruments in the accounts. These financial instruments are disclosed in Notes 9, 10, 12 and 13. The main risks associated with the Trust's financial instruments and the means by which these risks are managed, the measurement of financial instruments and how capital is managed are outlined below:

(a) Concentration of 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 95.3 per cent (2012: 97.0 per cent) of the rental income is with three tenants, Bunnings Group Limited 93.9 per cent (2012: 95.5 per cent), J Blackwood and Son Pty Limited 1.1 per cent (2012: 1.2 per cent) and Officeworks Superstores Pty Ltd 0.3 per cent (2012: 0.3 per cent), 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:

	Note	Carrying amount	
		June 2013 \$000	June 2012 \$000
Cash and short-term deposits	9	11,063	24,732
Loans and receivables	10	881	689
		11,944	25,421

The Trust's maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

	Carrying amount	
	June 2013 \$000	June 2012 \$000
Tenants		
Wesfarmers Limited subsidiaries	572	393
Other tenants	309	296
	881	689

Impairment losses

Rental receivables of approximately \$124,624 were overdue at 30 June 2013 (2012: \$28,040).

During the year, \$38,262 (2012: nil) of rental income was deemed non-recoverable and has been written off in relation to one tenancy. There were no other allowances for impairment in respect of receivables during the current year or the previous year.

Based on historic default rates, the Trust believes that no impairment allowance is necessary in respect of receivables.

Notes to the financial statements

For the year ended 30 June 2013

18. FINANCIAL INSTRUMENTS (continued)**(b) Liquidity risk**

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. The Trust regularly updates and reviews its cash flow forecasts to assist in managing its liquidity.

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 below are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amount disclosed in the statement of financial position:

30 June 2013	Carrying amount \$000	Contractual cash flows \$000	1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Non-derivative financial liabilities						
Bank loans - principal	(296,492)	(297,500)	-	-	(297,500)	-
Bank loans - future interest	-	(46,378)	(12,938)	(12,901)	(20,539)	-
Payables and deferred income	(14,077)	(14,077)	(14,077)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(12,516)	(12,998)	(4,490)	(4,700)	(3,811)	3
	(323,085)	(370,953)	(31,505)	(17,601)	(321,850)	3
30 June 2012						
Non-derivative financial liabilities						
Bank loans - principal	(288,890)	(289,800)	-	(73,300)	(216,500)	-
Bank loans - future interest	-	(57,109)	(14,032)	(12,904)	(30,173)	-
Payables and deferred income	(14,071)	(14,071)	(14,071)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(16,013)	(18,662)	(4,179)	(4,640)	(8,938)	(905)
	(318,974)	(379,642)	(32,282)	(90,844)	(255,611)	(905)

(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 2013 the fixed rates varied from 3.10 per cent to 5.77 per cent (2012: 4.25 per cent to 5.82 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 2013, the Trust's hedging cover was 70.8 per cent of borrowings, which is within the board's preferred 50 per cent to 75 per cent range.

Notes to the financial statements

For the year ended 30 June 2013

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

	Carrying amount	
	June 2013 \$000	June 2012 \$000
Variable rate instruments		
Cash and short-term deposits	11,063	24,732
Bank loans	(296,492)	(288,890)

Fair value sensitivity analysis for fixed rate instruments

The Trust does not have any fixed rate financial assets and liabilities.

Cash flow sensitivity analysis for variable rate instruments

The analysis below 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 2012.

	Net profit		Equity	
	50 basis points increase \$000	50 basis points decrease \$000	50 basis points increase \$000	50 basis points decrease \$000
30 June 2013				
Variable rate instruments	(1,488)	1,488	-	-
Interest rate swaps	1,050	(1,050)	3,519	(4,575)
Net impact on net profit and equity	(438)	438	3,519	(4,575)
30 June 2012				
Variable rate instruments	(1,449)	1,449	-	-
Interest rate swaps	950	(950)	4,070	(4,489)
Net impact on net profit and equity	(499)	499	4,070	(4,489)

(d) Net fair values

The carrying amounts of financial assets and financial liabilities recorded in the financial statements have been determined in accordance with the accounting policies disclosed in Note 1 of the financial statements and are as follows:

	June 2013 \$000	June 2012 \$000
	Book value and fair value	Book value and fair value
Assets and liabilities held at amortised costs		
Loans and receivables	881	689
Cash and short-term deposits	11,063	24,732
Bank loans	(296,492)	(288,890)
Payables and deferred income	(14,077)	(14,071)
Liabilities held at fair value		
Interest rate swaps	(12,516)	(16,013)

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.

bwp TRUST

Notes to the financial statements

For the year ended 30 June 2013

18. FINANCIAL INSTRUMENTS (continued)**(d) Net fair values (continued)****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:

	2013	2012
Interest rate swaps	2.67% to 4.33%	3.12% to 4.10%

(e) 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 2013, the gearing level was 21.2 per cent (2012: 21.6 per cent).

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2013 and the preceding year.

19. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date, but not provided for, as being payable was:

	June 2013 \$000	June 2012 \$000
Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:		
Not later than one year:		
Unrelated Parties	38,792	2,923
Related Parties	23,360	3,840
Later than one year and not later than five years:		
Related Parties	-	18,520
	62,152	25,283

Capital Commitments to unrelated parties

As at 30 June 2013, the Trust committed to acquire from an unrelated party, an investment property for \$43.1 million, including acquisition costs, of which \$4.3 million was incurred prior to June 2013. The acquisition is subject to meeting certain conditions precedent, which have yet to be fulfilled.

Capital Commitments to related parties*Rocklea*

In February 2011, the Trust committed to upgrade works at the Rocklea property with an estimated cost of \$3.8 million. On completion of the upgrade, the parties will enter into a new ten-year lease of the Bunnings Warehouse with one ten-year option, exercisable by the tenant.

Wallsend

Following the acquisition of the development site at Wallsend from an unrelated party, the Trust is committed to the development of a Bunnings Warehouse at a cost of \$19.5 million. On completion of the development, the parties will enter into a new ten-year lease of the Bunnings Warehouse with five, five-year options, exercisable by the tenant.

20. SUBSEQUENT EVENT

In July 2013, the Trust extended its \$180 million facility with Westpac Banking Corporation for a further year to December 2017 and finalised the documentation in relation to its facility extension with the Commonwealth Bank of Australia for a further 30 months to July 2016.

21. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY 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

Non-executive directors

Mr B J H Denison

Ms F E Harris (from 1 October 2012)

Mr R D Higgins

Mr A J Howarth (from 1 October 2012)

Mr P J Johnston (until 10 December 2012)

Mr P J Mansell

General Manager

Mr G W Gernhoefer

(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 5. The constitution is lodged with ASIC and is available to unitholders on request.

For the financial year ended 30 June 2013, 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. There are no equity incentive schemes in relation to the Trust. There was no increase in remuneration of the directors for the year ended 30 June 2013.

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.

Notes to the financial statements

For the year ended 30 June 2013

21. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES (continued)**(c) Unit holdings**

Directors	Balance at the beginning of the year	Acquired during the year	Sold during the year	Balance at the end of the year
Mr J A Austin	295,967	-	-	295,967
Mr B J H Denison	11,205	-	-	11,205
Mr P J Mansell	218,000	16,475	-	234,475
Total	525,172	16,475	-	541,647

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.

(d) Transactions with related parties**(i) Relationship with the Wesfarmers Group**

Wesfarmers Investments Pty Limited, a controlled entity of Wesfarmers Limited, holds 130,712,708 (2012: 123,419,543) units in the Trust, representing 24.31 per cent of the units on issue at 30 June 2013 (2012: 23.50 per cent).

(ii) Transactions with the Wesfarmers Group

During the year ended 30 June 2013, the Trust had the following transactions with Wesfarmers Limited subsidiaries:

- a) Following approval by unitholders in March 2011, the Trust agreed to acquire a property portfolio, comprising 13 Bunnings Warehouse properties, from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. During the year ended 30 June 2011 the Trust paid \$161,560,000 following settlement of 10 of the 13 properties. A further \$59,563,364 was paid during the year ended 30 June 2012 relating to the completion of developments of Bunnings Warehouses on 2 of the 10 properties acquired during 2011 and the settlement of two more properties. A further \$19,520,000 relating to the development of the Wallsend Bunnings Warehouse is expected to be payable in the year ending 30 June 2014.
- b) Rent and other property income of \$102,582,141 (2012: \$96,474,867) was received from Bunnings Group Limited. The amount includes an amount received in advance of \$8,421,676 (2012: \$7,986,259). As at 30 June 2013 there was amounts receivable of \$358,579 (2012: \$19,909).
- c) Rent of \$1,143,588 (2012: \$1,316,544) was received from J Blackwood and Son Pty Limited, a controlled entity of Wesfarmers Limited. No amounts were received in advance in the current year (2012: \$102,879). As at 30 June 2013 there were receivables of \$114,339 (2012: nil).
- d) Rent of \$349,788 (2012: \$339,600) was received from Officeworks Superstores Pty Ltd, a controlled entity of Wesfarmers Limited. As at 30 June 2012 there was also a rent receivable of \$35,319 (2012: \$35,627).
- e) The responsible entity's fee of \$7,254,610 (2011: \$6,367,371) is paid or payable to the responsible entity. During the year ended 30 June 2011, as part of the agreement to acquire 13 Bunnings Warehouse properties from Bunnings Group Limited, the responsible entity waived its entitlement to fees in respect of properties at: Greenacre, Dubbo, Wagga Wagga and Wallsend in New South Wales; Fairfield Waters and Smithfield in Queensland; Caroline Springs, Craigieburn and Pakenham in Victoria; Belmont, Cockburn, Harrisdale and Port Kennedy in Western Australia. For the year ended 30 June 2013 the amount of fees the responsible entity had waived was \$666,022 (2012: \$1,126,071). Under the agreement the fee waiver was for 100 per cent of the management fee payable up to the 30 June 2012 and a 50 per cent reduction in the management fee payable from 1 July 2012 to 30 June 2013.

- f) The Trust reimbursed Bunnings Group Limited \$875,128 for the completion of a canopy upgrade to the Trust's Northland Bunnings Warehouse.
- g) The Trust reimbursed Bunnings Group Limited \$661,670 for the completion of mechanical ventilation upgrade to the Trust's Greenacre Bunnings Warehouse.
- h) In 2012, the Trust reimbursed Bunnings Group Limited \$5.8 million for the completion of an upgrade to the Trust's Scoresby Bunnings Warehouse, of which \$310,120 is to be repaid to the Trust for works that were required to be completed by the tenant.
- i) 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.
- j) The Trust paid \$510,896 (2012: \$146,920) to Wesfarmers Limited for insurance premiums on a number of the Trust's properties. The amount paid represents insurance payments covering two years' of insurance.

22. ADDITIONAL INFORMATION

(a) Principal activities and investment policy of the Trust

To invest in well located, geographically diversified properties with long-term leases to substantial tenants, predominantly in the bulky goods retail sector, with the purpose of providing unitholders with a secure, growing income stream and capital growth.

(b) Commencement and life of the Trust

The Trust is a unit trust of no fixed duration and was constituted under a Trust Deed dated 18 June 1998 as amended. The Trust is managed by BWP Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

(c) Economic dependency

95.3 per cent (2012: 97.0 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited, J Blackwood and Son Pty Ltd and Officeworks Superstores Pty Ltd, all controlled entities of Wesfarmers Limited.

(d) Corporate information

The financial report of the Trust for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 7 August 2013.

bwp TRUST

Directors' report

For the year ended 30 June 2013

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 2012 and ended 30 June 2013. The information on pages 6 to 13 forms part of this directors' report and is to be read in conjunction with the following information:

Results and distributions

	June 2013 \$000	June 2012 \$000
Net profit attributable to unitholders of BWP Trust	110,573	69,931
Net realised profit on sale of investment property ¹	-	6,150
Net unrealised (gains)/losses in fair value of investment properties	(34,805)	635
Distributable profit for the year	75,768	76,716
Opening undistributed profit	17	9
Closing undistributed profit	(34)	(17)
Distributable amount	75,751	76,708

¹ Net sale proceeds less original purchase price and capital expenditure since acquisition

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 2013:

(a) Out of the profits for the year ended 30 June 2012 on ordinary units as disclosed in last year's directors' report:		
(i) Final distribution of 8.04 cents per ordinary unit paid on 29 August 2012.	42,231	30,161
(b) Out of the profits for the year ended 30 June 2013 (see Note 7 of the notes to the financial statements):		
(i) Interim distribution of 7.00 cents per ordinary unit paid on 26 February 2013.	37,355	34,477
(ii) Final distribution of 7.14 cents per ordinary unit declared by the directors for payment on 28 August 2013.	38,396	42,231

Units on issue

At 30 June 2013, 537,753,954 units of BWP Trust were on issue (2012: 525,255,093).

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 2013, BWP Trust held assets to a total value of \$1,398.7 million (2012: \$1,335.2 million). The basis for valuation of the assets is disclosed in Note 1 of the notes to and forming part of the financial statements.

Fee paid to the responsible entity and associates

Management fees totalling \$7,254,610 (2012: \$6,367,371) 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 (2012: 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**Information on directors**

Mr J A Austin
 Mr B J H Denison
 Ms F E Harris (from 1 October 2012)
 Mr R D Higgins
 Mr A J Howarth (from 1 October 2012)
 Mr P J Johnston (until 10 December 2012)
 Mr P J Mansell

Details of the directors appear on pages 21 and 22.

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, FCIS, MBus

Ms K A Lange has been the company secretary since 9 April 2008. Ms Lange has more than 26 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:

	<u>Units in the Trust</u>
Mr J A Austin	295,967
Mr P J Mansell	234,475

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.

bwp TRUST

Directors' report

For the year ended 30 June 2013

Review and results of operations

The operations of the Trust during the financial year and the results of those operations are reviewed on pages 6 to 13 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 \$67,881,000 (2012: \$80,682,000 increase) to \$1,374,444 (2011: \$1,306,563,000), with the number of investment properties remaining the same at 73 properties at financial year end.

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

Significant events after the balance date

In July 2013, the Trust extended its \$180 million facility with Westpac Banking Corporation for a further year to December 2017 and finalised the documentation in relation to its facility extension with the Commonwealth Bank of Australia for a further 30 months to July 2016.

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 6 to 13. 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 the highest 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 24 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 board members of the responsible entity.

There were two Audit and Risk Committee and two 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 62 and forms part of the Directors' Report for the year ended 30 June 2013.

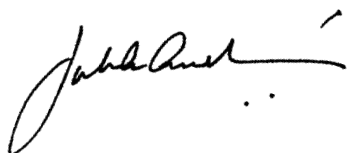
Non-audit services

KPMG provided the following non-audit services to the Trust during the year ended 30 June 2013 and received, or is due to receive, the following amount for the provision of these services:

Taxation services	<u>\$22,300</u>
Total	<u>\$22,300</u>

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.



J A Austin
Chairman

BWP Management Limited
Perth, 7 August 2013

bwp TRUST

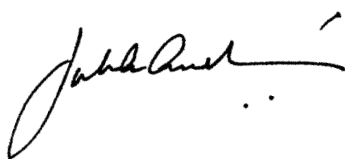
Directors' declaration

For the year ended 30 June 2013

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 2013 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 in Note 1(b).
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 2013.

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



J A Austin
Chairman

BWP Management Limited
Perth, 7 August 2013



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 2013 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.

A handwritten signature of Grant Robison in black ink, written in a cursive style. The signature starts with a large 'G' and ends with a flourish.

KPMG
Perth, 7 August 2013

A handwritten signature of Grant Robison in black ink, written in a cursive style. The signature starts with a large 'G' and ends with a flourish.

Grant Robison
Partner



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 2013, and the statement of profit or 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 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of 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. In note 1(b), 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 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

A handwritten signature of the KPMG firm, written in black ink. The signature is stylized and includes a checkmark-like flourish at the bottom.

A handwritten signature in black ink that reads 'Grant Robinson'.

KPMG
Perth, 7 August 2013

Grant Robinson
Partner

bwp TRUST

Unitholder information

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	26 February 2013	130,712,708

DISTRIBUTION OF UNITHOLDERS

As at 18 July 2013

Range of holding	Holders	Units	%
1 - 1,000	2,693	1,324,464	0.25
1,001 - 5,000	5,973	17,444,460	3.24
5,001 - 10,000	3,933	29,227,104	5.44
10,001 - 100,000	5,463	130,395,554	24.25
100,001 - over	187	359,362,372	66.83
Total	18,249	537,753,954	100.00

Unitholders holding less than a marketable parcel (193 units)	556	24,441
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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 18 July 2013 were:

	Number of units	Percentage of capital held
Wesfarmers Investments Pty Ltd	130,712,708	24.31
HSBC Custody Nominees (Australia) Limited	63,142,209	11.74
JP Morgan Nominees Australia Limited	52,967,722	9.85
BNP Paribas Noms Pty Ltd <DRP>	23,175,084	4.31
RBC Dexia Investor Services	13,367,722	2.49
Citicorp Nominees Pty Limited	10,851,516	2.02
National Nominees Limited	10,549,509	1.96
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,198,077	0.97
UBS Nominees Pty Ltd <PB SEG A/C>	2,266,374	0.42
Bond Street Custodians Limited	2,035,893	0.38
AMP Life Limited	1,761,745	0.33
JP Morgan Nominees Australia Limited <Cash Income A/C>	1,495,665	0.28
Milton Corporation Limited	1,363,394	0.25
RE GL CM & JE Adshead Pty Ltd	1,296,608	0.24
CS Fourth Nominees Pty Ltd	1,151,785	0.21
UBS Nominees Pty Ltd	1,115,481	0.21
Cantala Pty Ltd	913,069	0.17
Superlife Trustee Nominees Ltd <SL PROP A/C>	889,123	0.17
HSBC Custody Nominees (Australia) Limited	875,132	0.16
C B H Superannuation Holdings Pty Ltd	851,789	0.16
Total	325,980,605	60.62

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INVESTOR INFORMATION

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 2013.

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, www.bwptrust.com.au, 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 meetings

No unitholder meetings were held during the year ending 30 June 2013. Details of previous unitholder meetings and briefings are available on the Trust's website.

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 General Manager – 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 Investors tab of the BWP Trust website at www.bwptrust.com.au.

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 www.fos.org.au.

DIRECTORY

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

www.bwptrust.com.au

Directors and senior management

Mr J A Austin (Chairman)

Mr B J H Denison (Director)

Ms F E Harris (Director)

Mr R D Higgins (Director)

Mr A J Howarth (Director)

Mr P J Mansell (Director)

Mr G W Gernhoefer (General Manager)

Ms K A Lange (Secretary)

REGISTRY MANAGER

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace

PERTH WA 6000

Telephone: 1300 136 972
(within Australia)

Telephone: (+61 3) 9415 4323
(outside Australia)

Facsimile: 1800 783 447
(within Australia)

Facsimile: (+61 3) 9473 2555
(outside Australia)

www.computershare.com.au

AUDITOR

KPMG

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PERTH WA 6000



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ANNUAL REPORT 2013



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ISO 14001 Environmental Accreditation.