ASX RELEASE

BUNNINGS
WAREHOUSE PROPERTY TRUST
ARSN 088 581 097

28 August 2008

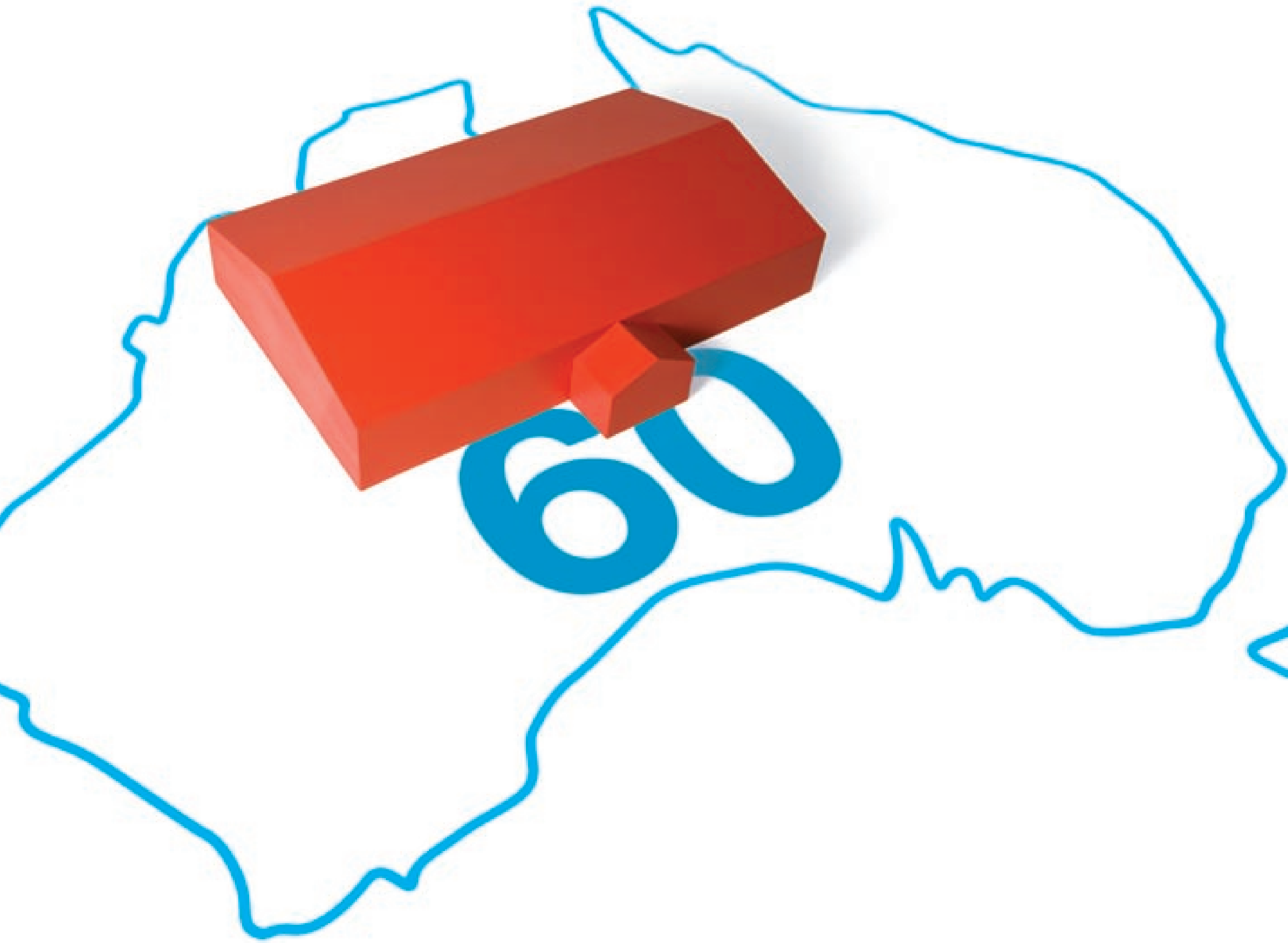
2008 Annual Report

Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust wishes to advise that the 2008 Annual Report will be available on 29 August 2008 and will be forwarded to Unitholders who have elected to receive an Annual Report.

A copy of the 2008 Annual Report is attached to this announcement and will also be available on the Trust's website at www.bwptrust.com.au

KAREN LANGE
Company Secretary

Bunnings warehouse property trust annual report 2008



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Bunnings Warehouse Property Trust
ARSN 088 581 097

Responsible Entity
Bunnings Property Management Limited
ABN 26 082 856 424

Australian Financial Services Licence
No. 247830

The Bunnings Warehouse Property Trust aims to provide unitholders with a secure, growing income stream and capital growth through acquiring, developing and managing property, predominantly for use in the bulky goods retail sector.

2

Improve existing Trust properties

Upgrades to the Trust's Bunnings Warehouses at Morayfield, Queensland and Mile End, South Australia (pictured) together costing $6.2 million, were completed during the year. See page 7 and 11 for other developments and upgrades of Trust properties.

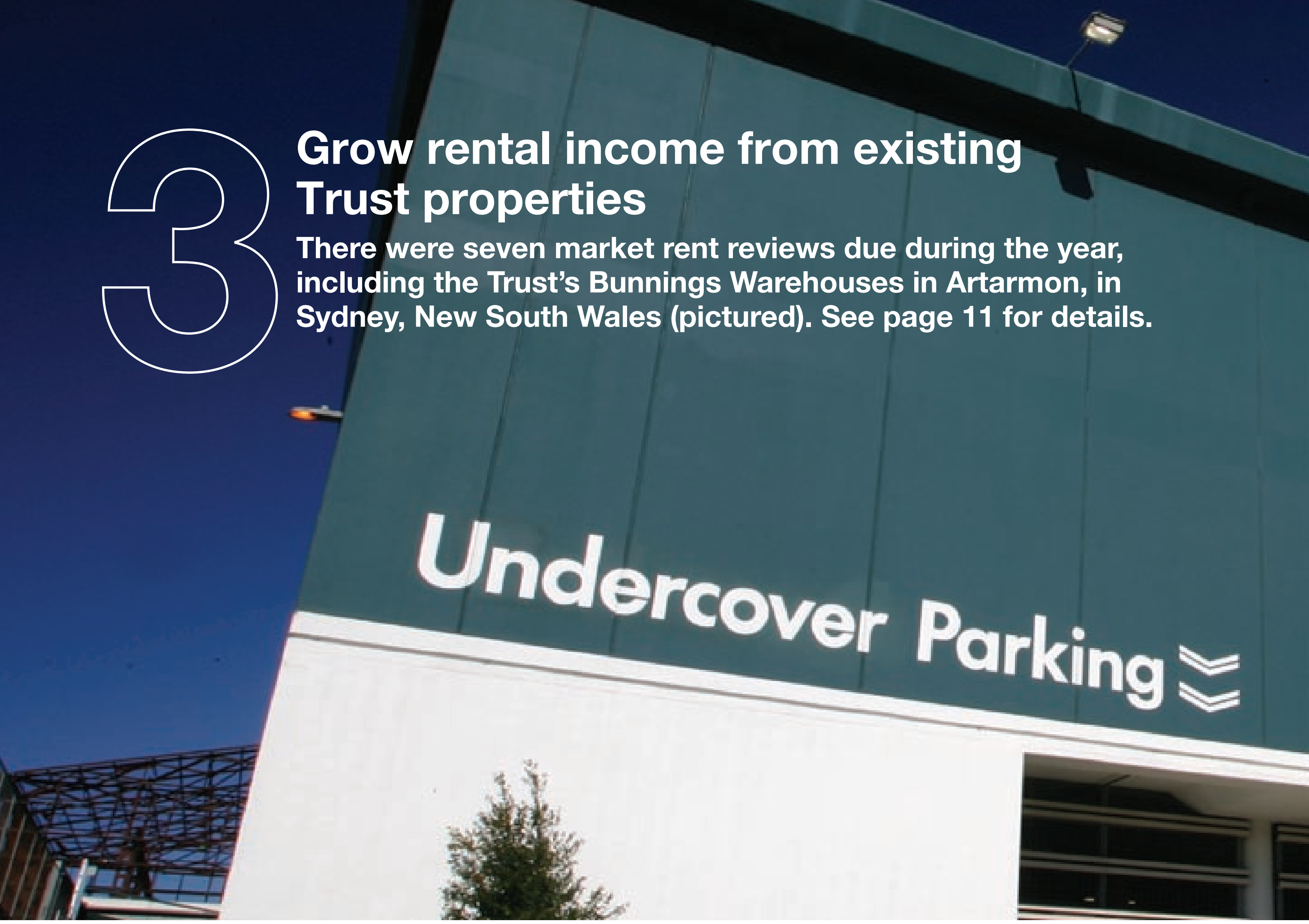
1 Acquire new and established Bunnings Warehouses

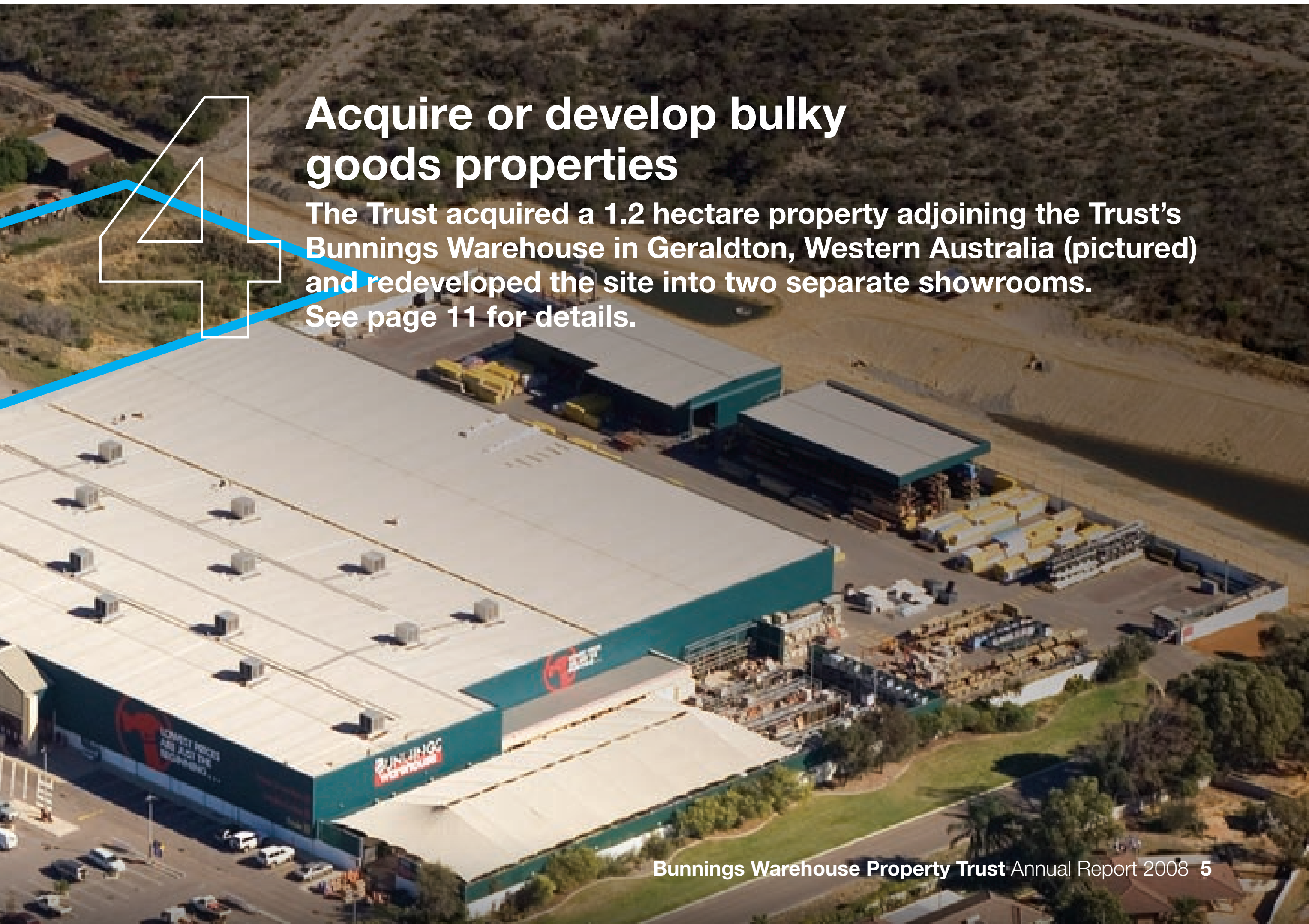
In May 2008 the Trust acquired an established Bunnings Warehouse on a 2.6 hectare site at Villawood in Sydney's western suburbs. The acquisition secures the Trust's fifth Bunnings Warehouse in the Sydney metropolitan area. **See page 10 for details.**

3

Grow rental income from existing Trust properties

There were seven market rent reviews due during the year, including the Trust's Bunnings Warehouses in Artarmon, in Sydney, New South Wales (pictured). See page 11 for details.





4

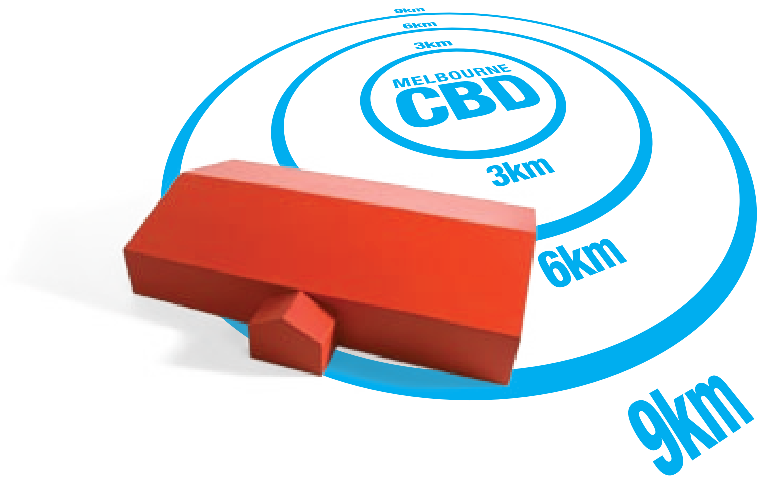
Acquire or develop bulky goods properties

The Trust acquired a 1.2 hectare property adjoining the Trust's Bunnings Warehouse in Geraldton, Western Australia (pictured) and redeveloped the site into two separate showrooms.
See page 11 for details.

5 Acquire other properties that meet the Trust's investment criteria

In January 2008 the Trust acquired a 4.1 hectare property in Melbourne's eastern suburb of Blackburn, Victoria (pictured) with a fully leased 20,464 square metre industrial office/ warehouse facility. **See page 10 for details.**

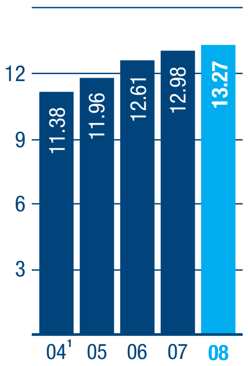
Progress report – Hawthorn development. **In April 2007 the Trust acquired a 0.84 hectare development site in the Melbourne suburb of Hawthorn, Victoria, on which a new $24.0 million multi-level format Bunnings Warehouse is being constructed. The store will have a total retail area of 7,462 square metres and 299 car bays. Construction proceeded well during the year and is likely to be finished ahead of schedule in late calendar year 2008. (See page 11 for details.)**



Financial summary. The Trust continued to generate solid earnings with distributable profit of $40 million for the full year.

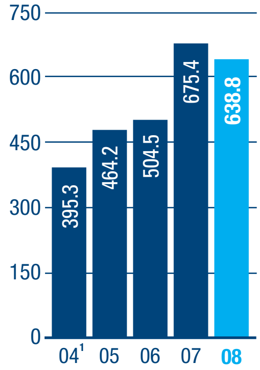
Distribution per unit

cents

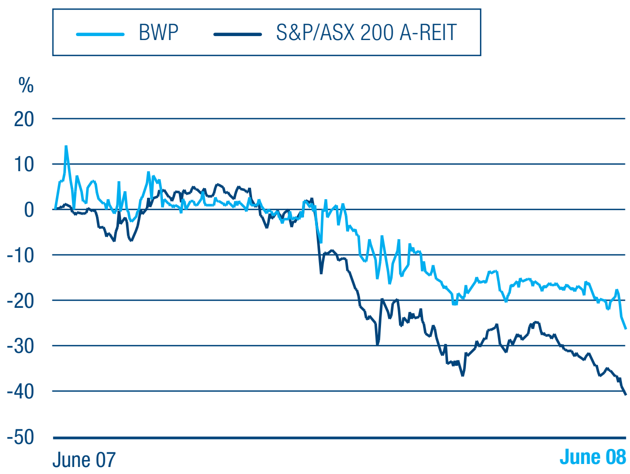


Unitholders' equity

$million



BWP closing unit price vs S&P/ASX 200 A-REIT index



[1] based on Australian generally accepted accounting principles (AGAAP) for 2004 and based on Australian equivalents to International Financial Reporting Standards (AIFRS) for subsequent years.

Financial performance

Year ended 30 June			2008	2007	2006	2005	2004[1]
Total income		$m	**65.9**	59.8	55.1	50.6	44.5
Net profit		$m	**0.7**	207.0	75.2	79.9	32.2
Change in fair value of investment properties		$m	**(39.3)**	167.9	37.2	43.9	-
Distributable profit		$m	**40.0**	39.1	38.0	36.0	32.2
Distribution per ordinary unit	interim	cents	**6.55**	6.42	6.22	5.79	5.51
	final	cents	**6.72**	6.56	6.39	6.17	5.87
	total	cents	**13.27**	12.98	12.61	11.96	11.38
Tax advantaged component		%	**23.55**	23.62	24.22	25.20	26.83
Total assets		$m	**979.9**	963.4	731.6	656.8	575.3
Borrowings		$m	**308.5**	258.6	200.9	166.9	155.2
Unitholders' equity		$m	**638.8**	675.4	504.5	464.2	395.3
Gearing (debt to total assets)		%	**31.5**	26.8	27.5	25.4	27.0
Number of units on issue		m	**301**	301	301	301	295
Number of unitholders			**12,471**	12,840	12,477	12,474	11,544
Net tangible asset backing per unit		$	**2.12**	2.24	1.67	1.54	1.34
Unit price at 30 June		$	**1.71**	2.31	2.00	1.91	1.57
Management expense ratio (annualised)		%	**0.67**	0.70	0.67	0.65	0.68

[1] based on Australian generally accepted accounting principles (AGAAP) for 2004 and based on Australian equivalents to International Financial Reporting Standards (AIFRS) for subsequent years.

Letter from the Chairman. We believe the future of the Trust remains positive and it is well placed to face further difficult market conditions and take advantage of the opportunities that the downturn in the market at the moment is likely to bring.

Dear unitholder

On behalf of the board of directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, I am pleased to present the Trust's 2008 Annual Report.

In the preceding pages we have outlined five key areas that have delivered growth to the Trust during the year. These are the five growth areas that we identified in the outlook section in last year's report. We are pleased that we have been able to deliver in each of these areas, during what has been a difficult year, with a view to enhancing future value and earnings and building on the Trust's portfolio of quality Australian properties.

The Trust continued to generate solid distributable earnings during the year, with distributable profit of $40 million for the full year, up 2.3 per cent on the previous corresponding period. Although the Trust's unit price suffered during the year as a result of market conditions, declining approximately 26 per cent, the Trust's price has held up well compared with the property sector generally, with the S&P/ ASX 200 A-REIT index falling by approximately 40 per cent over the same period. (Refer to the unit price chart opposite.)

Market conditions also affected the fair value of the Trust's portfolio, with an unrealised loss of approximately $39.3 million as a result of the revaluation of the portfolio to market during the year. Capital expenditure on the portfolio during the year totalled $51.4 million. The combination of the capital expenditure and the revaluation loss resulted in the value of the Trust's investment properties increasing by $12.1 million for the full year, to $962.3 million. The change in property values saw net tangible asset backing per unit decrease by $0.12 to $2.12 per unit.

While the impact of market conditions during the year on the Trust's unit price and value of Trust properties is disappointing, we believe the future of the Trust remains positive and it is well placed to face further difficult market conditions and take advantage of the opportunities that the downturn in the market at the moment is likely to bring. I will comment on this briefly below and further information is provided in the Outlook section of this report.

We expect that reduced availability of capital and higher cost of funding will affect the property sector generally and result in a more subdued market for selling investment grade properties, as buyers ration capital and take a more measured approach to acquiring assets. However, we expect to see more assets being offered for sale as property owners look to rationalise their portfolios and reduce borrowings. The combination of fewer buyers and more sellers may provide better opportunities for those investors with available funds to acquire attractively priced assets than have been available over the past few years.

Details of the Trust's debt funding are provided elsewhere in this report; however the Trust's relatively low gearing and capacity under its existing debt facilities, means the Trust may be in a position to buy the right assets. We have already seen such an opportunity, with the recent acquisition by the Trust of the Bunnings Warehouse at Villawood, securing the Trust's fifth Warehouse in the Sydney metropolitan area.

On behalf of the board and unitholders I would like to offer thanks and congratulations to Bill Cairns for the excellent leadership that he has provided to the Trust as Chairman of the responsible entity since the Trust's inception, nearly 10 years ago, until his retirement in December 2007. The board, management and unitholders have benefited immensely from the depth of Bill's property knowledge and experience and his sound judgment. For me, personally, it was a privilege to work with Bill on the board and an honour to take over as Chairman on his retirement.

Also, I would like to welcome Rick Higgins, who joined the board in December 2007. Rick has over 37 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. Rick will be a valuable addition to the board.

The board also wishes to acknowledge the valuable contribution made by management throughout the year.

Finally, I would like to thank unitholders for their continued support of the Trust. We were pleased to be able to reinstate the distribution reinvestment plan during the year, enabling existing unitholders to increase their holdings by reinvesting the distribution entitlements in more units in the Bunnings Warehouse Property Trust.

J A Austin
Chairman
Bunnings Property
Management Limited

Manager's report. The Trust delivered steady growth in revenue (up 10.3 per cent) and distributable profit (up by 2.3 per cent), but growth in the value of the portfolio from acquisitions and developments valued at $51.4 million was partly offset by a decline of $39.3 million from revaluations.

Financial results

The Trust reported distributable profit of $40.0 million for the year, an increase of 2.3 per cent on last year.

Full year profit was earned on revenue of $65.9 million, up by 10.3 per cent from last year due to additional income received from new properties, property upgrades and rent reviews.

Total assets of the Trust at year end were $979.9 million, an increase of $16.6 million on last year, following: $51.4 million capital expenditure on investment properties; a reduction in the fair value of investment properties by $39.3 million as a result of revaluations; and a $4.5 million increase in other assets, particularly as a result of the increase in the fair value of interest rate swaps due to increases in interest rates.

Distribution to unitholders

A final distribution of 6.72 cents per unit has been declared. The final distribution will be made on 29 August 2008 to unitholders on the Trust's register as at 5pm on 30 June 2008.

This brings the total distribution for the year to 13.27 cents per unit, a 2.2 per cent increase on last year's total distribution per unit.

The tax advantaged component for the 2008 distribution is 23.55 per cent (compared with 23.62 per cent for last year).

During the second half of the year, the Trust's distribution reinvestment plan (DRP) was reinstated and applies to the final distribution and subsequent distributions unless notice is given of its suspension or termination. The issue price of units issued under the DRP is $1.62 per unit, after the 2.5 per cent discount applied to the volume weighted average trading price for the 10 days following the record date. Units issued under the DRP for the final distribution for 2008 are expected to be issued by 29 August 2008.

Market performance

During the year, units in the Trust traded within a range of $1.63 to $2.70. Based on the closing price of $1.71 as at 30 June 2008, the Trust had a market capitalisation of $515.5 million. The movement in the unit closing price from $2.31 at 30 June 2007 to $1.71 at 30 June 2008 represents a decline of approximately 26 per cent for the full year. This compares with a 40 per cent decline in the S&P/ASX 200 A-REIT index over the same period (being the average for listed property trusts included in S&P/ASX 200 index).

Property acquisitions

Bunnings Warehouse, Villawood, New South Wales

The Trust acquired an established Bunnings Warehouse property, at Villawood, approximately 26 kilometres west of the Sydney central business district, in New South Wales. The property was acquired in May 2008 from an institutional investor and a new ten year lease was negotiated with Bunnings Group Limited, with five options for a further five years each exercisable by the tenant. The outlay for the property, including the new lease, was $18.4 million plus acquisition costs. The rent under the new lease is escalated annually by three per cent and is subject to a market rent review at the exercise of each option, with a ten per cent cap and collar on the preceding year's rent.

Blackburn industrial property, Blackburn, Victoria

The Trust acquired an established industrial property in Melbourne's eastern suburb of Blackburn, Victoria approximately 18 kilometres from the Melbourne central business district in January 2008. The property was acquired from a property syndicate for a purchase price of $19.0 million plus acquisition costs.

The 4.1 hectare site features a fully leased industrial office/warehouse facility constructed in the 1970's with a gross lettable area of 20,464 square metres. The major tenants, SleepMaster Pty Ltd and Gainsborough Hardware Industries Limited (a subsidiary of ASX listed GWA International Limited) occupy 12,684 and 7,225 square metres respectively. Both major tenants, comprising 95 per cent of the property income, have an option for a further five years following the expiry of their leases in 2012.

Showroom development property, Geraldton, Western Australia

During the year the Trust purchased a 1.2 hectare property immediately adjoining the Trust's Bunnings Warehouse in Geraldton, Western Australia. The property was acquired from a wholesale property investor for a purchase price of $2.9 million plus acquisition costs. The Trust spent a further $0.5 million to upgrade the existing building into two bulky goods/retail tenancies. The main tenancy of 1,162 square metres was leased to national leisure retailer Boating, Camping, Fishing in November 2007, for an initial term of eight years with two options for a further five years each exercisable by the tenant. Negotiations continue with a national chain to occupy the remaining 349 square metre tenancy.

Developments and upgrades

Upgrade of Bunnings Warehouse Morayfield, Queensland

A $3.4 million upgrade of the existing Bunnings Warehouse store, located in the Brisbane suburb of Morayfield, was completed by Bunnings Group Limited as project manager for the Trust during the second half of the year. The upgrade expanded the main trade area and timber drive-through. The annual rental increased by approximately $273,000.

Upgrade of Bunnings Warehouse Mile End, South Australia

A $2.8 million upgrade of the existing Bunnings Warehouse store, located in the Adelaide suburb of Mile End, was completed by Bunnings Group Limited as project manager for the Trust during the second half of the year. The upgrade expanded the main trade area and fully enclosed the timber drive-through. The upgrade resulted in an increase of approximately $221,000 in annual rent.

Other capital works completed

Mechanical ventilation systems were installed into seven of the existing Trust owned Bunnings Warehouse stores located in south-east Queensland and northern New South Wales at a cost of $1.5 million, with a pay-back period of five years.

A minor extension was completed at the Trust's property in Regency Park, South Australia at a cost of $0.2 million.

The total expenditure of $1.7 million on these capital works resulted in a yield of 7.25 per cent per annum.

Other upgrades commenced or committed to

Other upgrade works that were commenced or continued but not completed during the financial year or for which the Trust has committed to are outlined below.

Civil works for the development of the $24.0 million Bunnings Warehouse at Hawthorn, Victoria, commenced in June 2007 with completion expected in late 2008. Under the terms of the development agreement the developer is responsible for outgoings and pays the Trust a land rent to defray holding costs until the Bunnings Warehouse is completed. The Trust is required to pay the developer $24.0 million on completion of the development at which point the Trust will receive annual rent of $2,710,000.

During the year the Trust committed to fund $0.275 million for the replacement of reflective insulation material to the inside of walls and roofs at four of the Trust's Bunnings Warehouses in New South Wales.

Market rent reviews

In accordance with the majority of Trust leases, rent is reviewed annually in line with movements in the Consumer Price Index except on each fifth anniversary of the lease commencement date when rent is reviewed to market rental. The market rental is determined according to generally accepted rent review criteria. During the year, there were six market rent reviews completed and one in the process of being determined.

The results of the market rent reviews completed are shown in the table below.

	Passing rent ($ pa)	Market review ($ pa)	Uplift	Effective date
Artarmon (NSW)	1,313,944	1,396,000	+6%	9 Feb 08
Belrose (NSW)	1,617,636	1,764,264	+9%	9 Feb 08
Cairns (QLD)	1,107,051	1,107,051	+0%	9 Feb 08
Dandenong (VIC)	1,076,627	1,190,000	+10%	11 Nov 07
Fyshwick (ACT)	1,015,154	1,015,154	0%	24 Dec 07
Hervey Bay (QLD)	904,977	1,000,000	+11%	23 Dec 07
Weighted average			**+6%**	

Revaluations

The entire Trust portfolio was revalued at 31 December 2007 and again at 30 June 2008, including 15 property revaluations performed by independent valuers (6 at 31 December 2007 and 9 at 30 June 2008). Properties not independently revalued at each balance date are subject to directors' valuations. An independent valuer reviews the methodology adopted in the directors' valuations.

The value of the portfolio increased by $12.1 million to $962.3 million; following a net revaluation loss of $39.3 million and capital expenditure of $51.4 million during the year. As a result of the net revaluation loss, the underlying net tangible asset backing of the Trust's units decreased from $2.24 per unit at 30 June 2007 to $2.12 per unit at 30 June 2008. Details of the revaluations are disclosed in Note 9 of the notes to the financial statements.

Funding

The Trust currently has a total of $380.0 million debt facilities with four major Australian banks. At 30 June 2008 borrowings under the facilities were $308.5 million. Details of the facilities are provided below.

During the year the Trust entered into a new two-year "evergreen" cash advance facility with the Commonwealth Bank of Australia. The facility has a limit of $100 million and is committed until January 2010, with the first programmed review in October 2008 for extension to January 2011 at the bank's option.

Manager's report

Also during the year, the Trust renegotiated its two existing $30 million and $50 million facilities with Westpac Banking Corporation, combining them into a two-year "evergreen" facility, with a limit of $80 million committed until 1 July 2010. A programmed review is scheduled for July 2009 for extension to 2011 at the bank's option.

A review of pricing for the Trust's $100 million facility with National Australia Bank, which was due in March 2008, was deferred by agreement of both parties until October 2008. The revised pricing will apply from 1 April 2009 until 31 March 2010.

The Trust's $100 million facility with Australia and New Zealand Banking Group was extended to 1 July 2009, to provide more time for negotiation of a longer duration arrangement. Current pricing will apply until 31 January 2009 and pricing to apply from 1 February through to 1 July 2009 will be determined in a review in September 2008.

Bank margins and line fees on existing facilities will average around or below 50 basis points for at least the first half of 2008/09. Costs for the second half will depend on the outcome of the repricing review referred to.

Gearing

The responsible entity has established a preferred range of 20 to 40 per cent for the Trust's gearing ratio (debt to total assets). The quality of the Trust's lease covenants and the lease expiry profile support this gearing range and allow the effective use of debt funding.

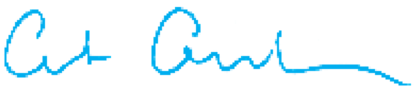
At 30 June 2008, the Trust's gearing was 31.5 per cent.

Interest rate management

The Trust has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions.

The responsible entity continues to actively manage the Trust's exposure to interest rates to ensure a prudent interest rate hedging position. This involved taking out additional cover as required during the year and managing debt repayment to ensure existing hedging remained effective.

At 30 June 2008, 77 per cent of the Trust's interest bearing debt was hedged with a weighted average term to maturity of 2.43 years, including delayed start swaps. The weighted average rate for hedged debt, excluding margins, during the year was 6.21 percent. The weighted average interest rate for all debt, after hedging and including bank margins, for the full year to 30 June 2008 was 6.39 per cent (compared with 6.06 per cent for 2006/07). Further information regarding the Trust's interest rate management is included in Note 16(c) of the notes to the financial statements.



Grant Gernhoefer
General Manager

Outlook. At this point we expect that economic and market conditions during 2008/09, while generally creating an uncertain outlook, may provide the Trust with some growth opportunities.

Volatility relating to interest rates and increased bank fees and margins may affect earnings. The Trust's interest rate hedging will help reduce the impact of increases in interest rates and bank margins and line fees on existing facilities will average around or below 50 basis points for at least the first half of 2008/09. The Trust should benefit from increases in rental income from market rent reviews scheduled for 21 of the Trust's existing Bunnings Warehouses and annual CPI increases for the balance.

The economic and market conditions impacting on the property sector may generate some buying opportunities for the Trust, as the requirement to manage capital leads some existing owners to sell assets to rationalise their property holdings, and capital constraints reduce the number of willing buyers.

We believe that the Trust is well placed to weather current economic and market conditions and take advantage of the opportunities to build on the existing quality portfolio for longer term, sustainable growth.

The growth opportunities for the Trust outlined in last year's outlook section will continue to apply:

Acquire new and established Bunnings Warehouses - we expect that the Trust will see more opportunities to acquire Bunnings Warehouses, both from Bunnings Group Limited and third party owners.

Improve existing Trust properties - further upgrades to existing Bunnings Warehouses are likely and the completion of the Hawthorn Bunnings Warehouse is due during the year.

Grow rental income from existing properties – there are 21 market rent reviews of Bunnings Warehouses scheduled for 2008/09.

Acquire or develop bulky goods outlets – while we expect there will be more opportunities to acquire bulky goods outlets, the primary focus will be on Bunnings Warehouses or bulky goods outlets including Bunnings Warehouses or adjoining the Trust's existing properties.

Consider other properties that meet the Trust's investment criteria – these will be considered where they represent outstanding value.

Bunnings Warehouse
Morayfield, Queensland

Our investment approach. The Trust comprises predominantly warehouse retailing properties and, in particular, Bunnings Warehouse properties tenanted by Bunnings Group Limited, a wholly owned subsidiary of Wesfarmers Limited. The responsible entity has established the following objectives and strategies for the Trust:

Objectives

- provide unitholders with a secure, growing income stream and capital growth
- distribute all net income each financial year
- add quality properties to the portfolio
- protect unitholders' interests

Strategies

- acquiring properties with long term leases to substantial tenants
- ensuring that properties are well located and the portfolio is geographically diversified
- maintaining a prudent interest rate hedging position
- operating within an appropriate compliance plan

The sites

- visible and accessible from a major road, highway or freeway
- ready vehicle access and ample customer parking
- significant catchment area
- average size of three hectares

Portfolio growth at a glance

	2004	2005	2006	2007	2008
Bunnings Warehouses	45	47	49	50	**51**
Bunnings Distribution Centre ("DC")	2	2	2	2	**2**
Bunnings Warehouse development sites	2	2	1	2	**2**
Retail/bulky goods properties	-	-	1*	1*	**2***
Office/warehouse industrial properties	-	-	-	3	**4**
Annual capital expenditure	**$52.2 m**	**$20.8 m**	**$33.8 m**	**$62.0 m**	**$51.4 m**

* Showrooms at Bayswater are on the same site as the Trust's Bayswater Bunnings Warehouse

Our property portfolio

Western Australia	**12**
Victoria	**21**
Australian Capital Territory	**2**
South Australia	**3**
New South Wales	**12**
Queensland	**10**
Total properties	**60**

As at 30 June 2008

	LAND AREA	GROSS LETTABLE AREA[1]	ANNUAL RENTAL
	ha	sq.m	$000
Western Australia			
Albany	2.0	13,843	546
Balcatta	4.3	24,932	1,455
Bibra Lake	3.2	17,124	1,165
Canning Vale (Blackwoods)	1.4	6,945	556
Geraldton	3.3	16,337	845
Geraldton Showrooms	1.2	1,511	151
Joondalup	2.5	13,358	1,010
Mandurah	2.5	11,342	970
Midland	2.4	14,437	1,261
Mindarie	3.1	14,612	1,220
Morley	1.8	9,877	953
Rockingham	3.3	17,179	1,182
Total	**31.0**	**161,497**	**11,314**
Victoria			
Altona	2.4	9,254	965
Bayswater	4.9	15,193	1,501
Bayswater showrooms		2,484	330
Blackburn (Industrial)	4.1	20,464	1,482
Broadmeadows[2]	1.7	10,435	957
Croydon	3.8	13,292	1,429
Dandenong	2.7	12,390	1,190
Epping	3.1	12,078	1,028
Fountain Gate	3.2	12,624	1,220
Frankston	3.8	13,795	1,728
Hawthorn[3]	0.8	N/A	N/A
Hoppers Crossing	2.7	11,170	1,087
Maribyrnong[3]	3.4	N/A	N/A
Mentone	2.5	11,814	1,104
Mornington	4.1	13,183	1,309
Northland	3.3	12,027	1,360
Nunawading[4]	3.4	14,766	1,835
Oakleigh South	4.4	15,157	1,663
Sandown	3.1	12,180	908
Scoresby	3.4	11,938	1,115
Sunshine	2.0	10,664	820
Vermont South[5]	5.3	16,634	1,838
Total	**68.1**	**251,542**	**24,870**
Australian Capital Territory			
Fyshwick[6]	2.8	6,400	1,015
Tuggeranong	2.8	11,941	1,259
Total	**5.6**	**18,341**	**2,275**

	LAND AREA	GROSS LETTABLE AREA[1]	ANNUAL RENTAL
	ha	sq.m	$000
South Australia			
Mile End	3.3	14,538	1,596
Noarlunga	2.7	11,845	892
Regency Park	1.1	4,682	381
Total	**7.1**	**31,065**	**2,869**
New South Wales			
Artarmon	0.7	5,945	1,314
Belmont North	4.0	12,620	796
Belrose	2.5	10,228	1,764
Blacktown (Blackwoods)	1.3	8,346	721
Coffs Harbour	2.5	11,905	750
Lismore	2.1	9,942	832
Maitland	3.1	13,034	1,043
Minchinbury	3.1	12,048	1,402
Port Macquarie	2.0	8,801	758
Thornleigh	1.2	5,301	1,082
Villawood	2.6	10,250	1,333
Wollongong	2.7	12,559	1,147
Total	**27.8**	**120,979**	**12,943**
Queensland			
Burleigh Heads	3.3	12,522	1,297
Cairns	2.4	10,601	1,107
Cannon Hill	2.8	12,676	1,315
Cannon Hill Distribution Centre	0.7	4,181	348
Hemmant Distribution Centre	3.5	18,250	1,333
Hervey Bay	3.0	11,070	1,000
Morayfield	3.1	10,790	1,368
Rocklea	3.2	12,516	1,412
Southport	3.5	12,431	1,283
Underwood	2.9	12,245	1,191
Total	**28.4**	**117,282**	**11,655**
Grand Total	**168.1**	**700,706**	**65,924**

[1] total retail area of the Bunnings Warehouse
[2] includes additional land (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of $20,194 per annum
[3] development site
[4] includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of $126,959 per annum
[5] includes land (0.4 hectares) for which Bunnings Group Limited pays the Trust an access fee of $68,000 per annum
[6] includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of $300,994 per annum

Directors and senior management

John A Austin - Assoc Dip Val, FAPI (Val&Econ)
(Chairman, Non-executive/Independent), Age: 62

Joined the board in 2004 and was appointed Chairman in December 2007. John has been actively involved in professional property investment markets for over 37 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, Chairman of Leighton Properties Pty Ltd and is a non-executive director of the MREEF series of unlisted private property funds, managed by Macquarie Bank.

Peter J Mansell - BComm, LLB, H.Dip Tax
(Director, Non-executive/Independent), Age: 61

Joined the board in 1998. Peter practised as a commercial lawyer for nearly 35 years until he retired as a partner in 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, having sat on the national board of the Australian Institute of Company Directors Ltd in 2002 and 2003. During the past three years he has served as a director of the following listed companies:

Current Australian listed company directorships:
- OZ Minerals Limited (formerly Oxiana Limited) (June 2008 to date)
- ThinkSmart Ltd (Chairman) (April 2007 to date)
- West Australian Newspapers Holdings Ltd (September 2001 to date) (Chairman from November 2006)
- Great Southern Ltd (November 2005 to date)

Past Australian listed company directorships:
- Zinifex Ltd (Chairman) (March 2004 to June 2008)
- Foodland Associated Ltd (October 2003 to November 2005)
- Tethyan Copper Company Ltd (February 2005 to May 2006)
- Hardman Resources Ltd (May 2006 to December 2006)

Peter J Johnston - FCIS, FCPA
(Director, Non-executive/Non-independent), Age: 65

Joined the board September 2005. Peter previously held the position of Company Secretary of Wesfarmers Limited between 1994 and 2001 and during that time was also an inaugural director of Bunnings Property Management Limited from 1998 until his retirement in 2001. He is also a director of Kresta Holdings Limited and a number of Kresta group subsidiaries.

Rick D Higgins - FAPI
(Director, Non-executive/Independent), Age: 62

Joined the board in December 2007. Rick is a property professional with over 37 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 (formally proprietor) responsible for the national valuation and consultancy division.

Grant W Gernhoefer - BComm/LLB
(General Manager), Age: 44

Manager since January 2006. For the 12 years prior to becoming General Manager, Grant has worked for Wesfarmers Limited group of companies, 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.

From left to right: G W Gernhoefer, J A Austin, R D Higgins, P J Johnston and P J Mansell.

Corporate governance. The responsible entity is committed to fostering a strong governance culture and 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 19) 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, the responsible entity has posted copies of its corporate governance practices on its website: www.bwptrust.com.au

The responsible entity complies 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 Limited

The responsible entity is a wholly owned subsidiary of Wesfarmers Limited (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 Bunnings Group Limited as project manager on property developments. Wesfarmers is a substantial unitholder in the Trust, and details of Wesfarmers' unitholding can be found on page 50 of this report. Further information regarding the relationship and transactions with Wesfarmers is detailed in Note 18(d) in the notes to the financial statements.

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 which protects and enhances the interests of its unitholders and takes into account the interests of officers of the responsible entity, 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 Limited and other related parties are carried out at arms 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 Limited;
- ensuring that appropriate policies and compliance systems are in place, and that the responsible entity and its officers act legally, ethically and responsibly on all matters; and
- complying with the statutory duties and obligations as imposed by law.

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

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

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.

Board structure

The board is currently comprised of four non-executive directors including the Chairman. In December 2007, Mr Bill Cairns, who had served as Chairman for nine years, retired from the board. Mr John Austin, who has been a director since September 2004, was elected Chairman and Mr Rick Higgins was a new appointment to the board. The board is satisfied that the composition of the board as a result of the changes is appropriate and accords with the requirements in the Trust's compliance plan.

Details of directors in office at the date of this report, including their status as executive, non-executive or independent directors are set out on pages 16 of this report.

Director independence

A majority of directors of the responsible entity including the Chairman are independent.

When determining the independent status of a director the board considers whether the director:

- is a substantial unitholder of the Trust or an officer of, or otherwise associated directly with, a substantial unitholder of the Trust;
- is employed, or has previously been employed in an executive capacity by the responsible entity or been employed or engaged as a director of a related body corporate of the responsible entity, and there has not been a period of at least

three years between ceasing such employment and serving on the board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Trust, the responsible entity or a related body corporate of the responsible entity or an employee materially associated with the service provided where the adviser's revenues derived from these entities exceeds five per cent of the adviser's total revenues from all sources;
- is an officer of or otherwise associated directly or indirectly with a material supplier, where total revenues derived by that supplier from the Trust, the responsible entity or a related body corporate of the responsible entity exceeds five per cent of that supplier's total revenues;
- has a material contractual relationship with the Trust, the responsible entity or a related body corporate of the responsible entity other than as a director of the responsible entity, where "material contractual relationship" is a relationship which could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Trust; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Trust.

The board's assessment of the independence of each of the directors is included as part of the directors' details on page 16 of this report. In particular the board reviewed the independence of Mr Mansell, who has been a principal of a professional advisor of the Trust, details of which can be found in Note 18(d) to the financial statements in this report. The board considers that Mr Mansell is an independent director in accordance with the independence criteria set out above and given his continued and demonstrated performance and ability to make objective judgments on matters before the board.

Prior to joining the board in September 2005, Mr Peter Johnston provided consulting services to the responsible entity and the Trust. While the board is satisfied that Mr Johnston brings an independent judgement to bear on all board decisions, the board has determined that it will wait until a period of three years has expired in accordance with the above standards before attributing "independent" director status to him. The three year period expires in September 2008.

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 and experience. In considering potential candidates for appointment to the board, the board considers the following factors:

- the qualifications, expertise and experience of the person which are relevant to the role of director of the responsible entity;
- the extent to which the qualifications, expertise and experience of the person 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.

The board considers that the establishment of a nomination committee is unnecessary given that:

- the board consists of only four directors and is therefore not of a size sufficient to justify the formation of a board committee for this task; and
- the board's adoption of the independence standards set out above, combined with the factors considered by the board in assessing potential candidates for directorship of the responsible entity, ensure that the nomination and selection process for directors is transparent and that appointees to the board have the requisite qualifications, experience and expertise in the market.

Given that there is not a nomination committee, the responsible entity does not comply with Recommendation 2.4 of the ASX Principles.

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.

Trading in units

Directors may only buy or sell the Trust's units after reference to the Secretary of the responsible entity and in accordance with the responsible entity's Unit Trading Policy, a copy of which is available on the Trust's website.

Financial reporting

General Manager 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 2008, 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.

Audit and risk committee

The compliance plan entrenches processes for reporting and audit purposes.

The board formally constituted an 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 Mr Mansell, an independent director of the responsible entity. During the year the committee held two meetings attended by all directors.

Change of audit firm

In December 2007, the responsible entity appointed KPMG as the auditor of the Trust and responsible entity.

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 among 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 2008. 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:

- guidelines and limits for the approval of capital and operating expenditure;
- policies and procedures for the management of financial risk, including exposure to financial instruments and movement in interests rates; and
- an insurance and risk management programme.

As the majority of members of the board are "external" directors (as defined in section 601JA of the Corporations Act), the board does not consider it is currently necessary to form a separate compliance committee in addition to the board of the responsible entity.

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 under the heading "Financial Reporting" above) 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 the audit and risk committee participate in performance evaluations every two years. The directors are required to complete qualitative and quantitative surveys that take into account their roles and responsibilities as set out in the compliance plan and the committee charter. The findings are considered at the board's next performance and planning session. The next evaluation is scheduled for the second half of calendar 2008 in relation to performance during the year ended 30 June 2008.

Remuneration policies

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

Remuneration of 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 Limited.

For the financial year ended 30 June 2008, each director was entitled to a director's fee. Directors do not receive option or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Corporate governance

Details of the remuneration policy for directors are disclosed in Note 18 to the financial statements.

Remuneration committee

The board considers that the establishment of a remuneration committee is not necessary given that:

- the board consists of only four directors and is therefore not of a size sufficient to justify the formation of a separate remuneration committee;
- the responsible entity's fee is prescribed in the constitution of the Trust and any change to that fee would require the approval of unitholders; and
- as directors and officers of the responsible entity are not remunerated by the Trust, unitholders have no direct exposure to those remuneration expenses.

Given that there is not a remuneration committee, the responsible entity does not comply with Recommendation 8.1 of the ASX Principles.

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. A conflicts register is maintained and reviewed by the board.

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.

A summary of the Continuous Disclosure 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 website.

Ethics and conduct

The responsible entity has adopted a code of conduct which 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.

FINANCIAL STATEMENTS

Contents

Income and distribution statement
For the year ended 30 June 2008

	Note	08 $000	07 $000
Income statement			
Rental income		63,083	58,047
Other property income		2,515	1,454
Finance income	4	278	231
Other income		25	42
Total income		65,901	59,774
Unrealised (loss)/gain in fair value of investment properties	9	(39,319)	167,861
Responsible entity's fees	2	(5,678)	(4,682)
Other operating expenses		(1,902)	(1,772)
Net profit before finance costs		19,002	221,181
Finance costs	4	(18,310)	(14,203)
Net profit attributable to unitholders of Bunnings Warehouse Property Trust		692	206,978
Distribution statement			
Net profit attributable to unitholders of Bunnings Warehouse Property Trust		692	206,978
Undistributed income at the beginning of the financial year		339,051	171,199
Distributions paid or payable	5	(40,001)	(39,126)
Undistributed income at the end of the financial year		299,742	339,051
Basic and diluted earnings (cents per unit)	6	0.23	68.66
Distribution (cents per unit)	5	13.27	12.98

The income and distribution statement should be read in conjunction with the accompanying notes.

Balance sheet
As at 30 June 2008

	Note	08 $000	07 $000
Assets			
Current assets			
Cash	7	6,625	5,122
Prepayments and receivables	8	1,341	1,108
Derivative financial instruments	16	419	143
Total current assets		8,385	6,373
Non-current assets			
Investment properties	9	962,300	950,200
Other receivables	8	850	850
Derivative financial instruments	16	8,414	5,962
Total non-current assets		971,564	957,012
Total assets		979,949	963,385
Liabilities			
Current liabilities			
Payables and deferred income	10	12,422	9,691
Distribution payable	5	20,256	19,774
Total current liabilities		32,678	29,465
Non-current liabilities			
Interest-bearing loans and borrowings	11	308,499	258,552
Total non-current liabilities		308,499	258,552
Total liabilities		341,177	288,017
Net assets		638,772	675,368
Unitholders' equity			
Issued capital	12	330,206	330,233
Reserves	13	8,824	6,084
Undistributed income		299,742	339,051
Total unitholders' equity		638,772	675,368
Net tangible asset backing per unit		$2.12	$2.24

The balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 30 June 2008

	Note	08 $000	07 $000
Cash flows from operating activities			
Rent received		73,428	67,063
Payments to suppliers		(6,904)	(7,577)
Payments to the responsible entity		(5,471)	(4,429)
Finance income		278	231
Finance costs		(18,810)	(14,203)
Net cash flows from operating activities	14	42,521	41,085
Cash flows from investing activities			
Payments for purchase of, and additions to, the Trust's property investments	9	(51,419)	(61,969)
Receipts from the sale of the Trust's property investments	9	-	755
Net cash flows used in investing activities		(51,419)	(61,214)
Cash flows from financing activities			
Proceeds of borrowings		49,947	57,653
Expenses incurred in reinstating the Distribution Reinvestment Plan		(27)	-
Distributions paid		(39,519)	(38,614)
Net cash flows from financing activities		10,401	19,039
Net increase/(decrease) in cash		1,503	(1,090)
Cash at the beginning of the financial year		5,122	6,212
Cash at the end of the financial year	7	6,625	5,122

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

Statement of changes in equity

For the year ended 30 June 2008

	Note	Issued capital $000	Undistributed income $000	Hedge reserve $000	Total $000
Balance at 1 July 2006		330,233	171,199	3,067	504,499
Change in fair value of hedge derivatives	13	-	-	3,017	3,017
Total income and expense for the year recognised directly in equity		-	-	3,017	3,017
Net profit for the year		-	206,978	-	206,978
Distributions to unitholders		-	(39,126)	-	(39,126)
Balance at 30 June 2007		**330,233**	**339,051**	**6,084**	**675,368**
Balance at 1 July 2007		330,233	339,051	6,084	675,368
Change in fair value of hedge derivatives	13	-	-	2,740	2,740
Expenses incurred in reinstating the Distribution Reinvestment Plan		(27)	-	-	(27)
Total income and expense for the year recognised directly in equity		(27)	-	2,740	2,713
Net profit for the year		-	692	-	692
Distributions to unitholders		-	(40,001)	-	(40,001)
Balance at 30 June 2008		**330,206**	**299,742**	**8,824**	**638,772**

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 2008

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report has been prepared in accordance with the requirements of the Constitution of Bunnings Warehouse Property Trust (the Trust) and Australian Accounting Standards. The financial report has 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 report is presented in Australian dollars, which is the Trust's functional currency and all values are rounded to the nearest thousand dollars ($000) under the option available to the Trust under ASIC Class Order 98/100, unless otherwise stated.

(b) Statement of compliance

The financial report is a general purpose financial report which has 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 report of the Trust complies 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 2007. 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.

The following amendment to standards and interpretations has been identified as one that may impact the entity in the period of initial application. It is available for early adoption at 30 June 2008, but has not been applied in preparing this financial report.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Trust's 30 June 2010 financial statements.

The Trust has not yet determined the potential effect of this standard on the Trust's financial reports.

(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(n), and 9(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 9(a)).

Financial instruments - valuations

The fair value of interest rate swaps is based on estimates provided by the respective bankers. Those estimates are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date (see Note 1(m)).

(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.

1. Summary of significant accounting policies (continued)

(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 Income and Distribution Statement 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) Cash

Cash in the Balance Sheet, and for the purposes of the Cash Flow Statement, comprises cash at bank.

(g) 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 yield related 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 sheet date.

(h) 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.

All impairment losses are included in the Income and Distribution Statement.

(i) 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.

(j) Distribution payable

The constitution of the Trust provides that its distributable profit, which excludes fair value revaluations to investment properties, is to be distributed to unitholders at each half year. As a liability for distribution arises upon the derivation of profits by the Trust, a provision for distribution has been recognised at each balance date.

(k) 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 on a straight-line basis over the lease term.

Interest income

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

1. Summary of significant accounting policies (continued)

(l) 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.

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 Balance Sheet.

Cash flows are included in the Cash Flow Statement 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.

(m) 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 short-term borrowings to medium-term 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 of rising interest rates.

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 directly in equity as a hedging reserve and any ineffective portion is recognised in the Income and Distribution Statement. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs, at which point it is transferred to net profit.

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

(n) 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 minimum 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 equal instalments over the lease term.

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.

(o) 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.

(p) 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.

2. Responsible entity's fees

The responsible entity, Bunnings Property 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 18(d)(i)d.)

	08 $	07 $
3. Auditors' remuneration		
Auditing or review of the financial statement		
KPMG Australia	**47,000**	-
Other auditors	**4,712**	38,828
	51,712	38,828
Other services		
KPMG Australia – taxation services	**4,750**	-
Other auditors	**4,624**	11,160
	9,374	11,160
	61,086	49,988

	$000	$000
4. Finance income and expense		
Recognised directly in the Income and Distribution Statement		
Interest income on bank deposits	**278**	231
Finance income	**278**	231
Interest expense on financial liabilities measured at amortised cost	**(18,310)**	(14,203)
Finance expense	**(18,310)**	(14,203)
Net finance income and expense	**(18,032)**	(13,972)
Recognised directly in equity		
Net change in fair value of cash flow hedges transferred to Income and Distribution	**(11)**	(736)
Net gains on cash flow hedges for the year	**2,751**	3,753
Finance income recognised directly in equity	**2,740**	3,017
5. Distributions paid or payable		
6.55 cents (2007: 6.42 cents) per unit, interim distribution paid on 29 February 2008	**19,745**	19,352
6.72 cents (2007: 6.56 cents) per unit, final distribution provided	**20,256**	19,774
	40,001	39,126

Notes to the financial statements

For the year ended 30 June 2008

	08 $000	07 $000
6. Earnings per unit		
Net earnings used in calculating basic and diluted earnings per unit	**692**	206,978
Basic and diluted earnings per unit	**0.23 cents**	68.66 cents
Basic and diluted earnings per unit excluding unrealised (loss)/gain in fair value of investment properties	**13.27 cents**	12.98 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**301,435,539**	301,435,539

Basic and diluted earnings per unit excluding unrealised (loss)/gain in fair value of investment properties and derivatives $39,319,000 loss (2007: $167,861,000 gain).

7. Cash

	08 $000	07 $000
Cash at bank	**6,625**	5,122
Weighted average effective interest rates	**6.33%**	5.64%

The Trust's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are set out in Note 16.

8. Prepayments and receivables

	08 $000	07 $000
Current		
Receivables from Wesfarmers Limited subsidiaries	**304**	417
Other receivables	**32**	20
Prepayments	**1,005**	671
	1,341	1,108
Non-current		
Loan to Bunnings Group Limited	**850**	850

Wesfarmers Limited is a related party (see Note 18(d)i).

Bunnings Group Limited is a controlled entity of Wesfarmers Limited. The terms and conditions of the loan are disclosed in Note 18(d)(i)e.

Notes to the financial statements

For the year ended 30 June 2008

9. 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 2008 $000	Fair value 30 June 2007 $000	Last independent valuation
Albany, WA	01.11.99	4,100	206	-	2,894	**7,200**	7,100	31.12.07
Altona, VIC	24.09.98	6,800	395	-	5,705	**12,900**	13,500	31.12.06
Artarmon, NSW	10.02.03	14,033	864	-	9,103	**24,000**	22,900	31.12.05
Balcatta, WA	24.09.98	11,200	555	-	11,045	**22,800**	24,000	31.12.06
Bayswater, VIC	11.02.03	7,335	796	13,163	4,706	**26,000**	27,100	30.06.06
Belmont, NSW	04.12.06	10,850	634	70	(154)	**11,400**	12,000	17.10.06
Belrose, NSW	10.02.03	17,150	1,054	163	7,833	**26,200**	27,000	31.12.05
Bibra Lake, WA	29.12.98	1,899	95	6,350	8,656	**17,000**	16,900	31.12.07
Blackburn, VIC	15.01.08	19,000	1,123	-	(2,622)	**17,501**	-	N/A
Blacktown, NSW	24.01.07	8,235	540	56	269	**9,100**	8,800	30.05.06
Broadmeadows, VIC	24.09.98	7,200	431	240	5,829	**13,700**	14,400	30.06.07
Burleigh Heads, QLD	22.10.98	9,700	195	233	6,372	**16,500**	17,400	30.06.06
Cairns, QLD	10.02.03	10,000	453	982	3,265	**14,700**	15,400	31.12.05
Canning Vale, WA	24.01.07	6,467	430	21	181	**7,099**	7,000	30.05.06
Cannon Hill Distribution Centre, QLD	01.11.99	3,100	137	-	1,463	**4,700**	4,600	30.06.08
Cannon Hill, QLD	24.12.98	2,500	176	6,573	6,850	**16,099**	17,000	30.06.07
Coffs Harbour, NSW	05.09.01	1,900	112	4,500	4,188	**10,700**	11,000	30.06.07
Croydon, VIC	24.09.98	7,800	518	5,614	6,468	**20,400**	21,500	31.12.06
Dandenong, VIC	19.04.02	4,000	255	6,660	6,085	**17,000**	16,000	31.12.07
Epping, VIC	12.03.99	7,800	463	-	6,437	**14,700**	15,400	30.06.07
Fountain Gate, VIC	24.09.98	8,300	505	1,573	7,022	**17,400**	18,400	31.12.05
Frankston, VIC	26.06.01	7,300	301	9,400	7,699	**24,700**	26,100	30.06.07
Fyshwick, ACT	23.12.02	10,000	942	3,525	2,633	**17,100**	18,000	31.12.05
Geraldton, WA	10.12.01	1,250	351	5,225	4,474	**11,300**	11,900	31.12.07
Geraldton Showrooms, WA	11.09.07	2,897	190	467	(654)	**2,900**	-	N/A
Hawthorn (development), VIC	18.04.07	19,337	1,217	3	(3,556)	**17,001**	19,400	01.05.07
Hemmant, QLD	07.05.03	3,000	143	10,472	6,285	**19,900**	21,900	31.12.05
Hervey Bay, QLD	12.07.02	2,053	122	6,425	3,400	**12,000**	13,100	30.06.08
Hoppers Crossing, VIC	11.01.99	2,075	134	5,928	7,363	**15,500**	16,200	30.06.08
Joondalup, WA	24.09.98	8,100	593	-	7,007	**15,700**	15,200	31.12.06
Lismore, NSW	21.04.04	7,750	447	782	2,121	**11,100**	11,100	31.12.06
Maitland, NSW	20.08.03	898	489	9,798	3,715	**14,900**	15,200	30.06.06
Mandurah, WA	24.09.98	3,050	160	5,470	7,020	**15,700**	14,800	31.12.06
Maribyrnong, (land) VIC	28.06.01	7,100	462	-	(62)	**7,500**	8,700	N/A
Mentone, VIC	24.09.98	9,400	542	-	8,658	**18,600**	16,600	30.06.07
Midland, WA	06.03.01	4,600	255	4,930	8,215	**18,000**	19,000	31.12.06
Mile End, SA	22.03.00	11,250	624	3,029	8,097	**23,000**	21,200	30.06.08
Minchinbury, NSW	31.12.98	9,200	503	-	10,997	**20,700**	21,200	30.06.08
Mindarie, WA	03.03.00	4,184	209	5,598	7,409	**17,400**	18,400	31.12.05
Morayfield, QLD	22.03.00	8,000	334	3,618	4,848	**16,800**	14,500	30.06.08
Morley, WA	04.07.05	11,100	642	307	2,151	**14,200**	14,500	30.06.08

9. 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 2008 $000	Fair value 30 June 2007 $000	Last independent valuation
Mornington, VIC	29.12.98	3,400	204	6,481	8,615	**18,700**	19,800	31.12.07
Noarlunga, SA	13.04.99	2,305	124	3,750	6,121	**12,300**	12,900	30.06.08
Northland, VIC	24.09.98	8,600	489	2,920	8,291	**20,300**	20,400	31.12.05
Nunawading, VIC	24.09.98	13,700	786	3,100	11,814	**29,400**	31,200	31.12.05
Oakleigh South, VIC	05.04.01	6,650	374	9,143	7,633	**23,800**	24,700	30.06.07
Port Macquarie, NSW	15.11.02	2,100	141	5,400	3,559	**11,200**	11,000	30.06.08
Regency Park, SA	24.01.07	4,656	350	198	(1,304)	**3,900**	4,700	30.05.06
Rockingham, WA	30.06.00	3,320	166	5,830	7,684	**17,000**	17,100	31.12.05
Rocklea, QLD	23.10.02	6,225	296	7,475	4,804	**18,800**	20,500	31.12.05
Sandown, VIC	24.09.98	7,800	446	3	3,851	**12,100**	12,700	31.12.06
Scoresby, VIC	24.09.98	8,300	473	-	6,627	**15,400**	16,200	30.06.07
Southport, QLD	09.11.98	2,800	188	6,824	4,688	**14,500**	16,100	30.06.06
Sunshine, VIC	24.09.98	7,000	407	-	3,493	**10,900**	11,300	30.06.07
Thornleigh, NSW	07.09.04	13,333	782	66	1,319	**15,500**	16,400	31.12.06
Tuggeranong, ACT	01.12.98	7,900	431	753	8,916	**18,000**	18,400	31.12.06
Underwood, QLD	22.10.98	3,000	178	6,060	5,461	**14,699**	16,000	30.06.06
Vermont South, VIC	14.05.03	9,150	635	14,183	4,432	**28,400**	28,800	31.12.07
Villawood, NSW	14.05.08	18,400	860	-	(860)	**18,400**	-	N/A
Wollongong, NSW	10.02.03	12,000	628	111	5,162	**17,901**	17,600	31.12.05
		442,552	**26,555**	**193,472**	**299,721**	**962,300**	**950,200**	

(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.

(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 2008 are provided at Note 9(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.

9. Investment properties (non-current) (continued)

(a) Cost and fair value of investments (continued)

(ii) Methodology and significant assumptions (continued)

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.

(b) Independent valuations - valuers

Property	Valuation Date	Valuer
Cannon Hill DC, QLD	30.06.08	Knight Frank, Paul Kwan AAPI
Hervey Bay, QLD	30.06.08	Knight Frank, Tim Uhr AAPI
Hoppers Crossing, VIC	30.06.08	CB Richard Ellis, Stephen Thomas AAPI
Mile End, SA	30.06.08	Jones Lang LaSalle, Simon Hickin AAPI
Minchinbury, NSW	30.06.08	CB Richard Ellis, Mike Steur AAPI FNZPI
Morayfield, QLD	30.06.08	Knight Frank, Paul Kwan AAPI
Morley, WA	30.06.08	CB Richard Ellis, Jason Fenner AAPI
Noarlunga, SA	30.06.08	Jones Lang LaSalle, Simon Hickin AAPI
Port Macquarie, NSW	30.06.08	CB Richard Ellis, Mike Steur AAPI FNZPI

(c) Operating leases

(i) With the exceptions of Trust properties at Blackburn, Maribyrnong, Blacktown, Canning Vale, Regency Park, Hawthorn, 0.4 hectares of surplus land on the Vermont South property, 0.1 hectares of land adjoining Nunawading, 1.0 hectare of land adjoining Fyshwick, Geraldton Showrooms and the showroom complex on the Bayswater property, all of the properties listed in Note 9(a) are leased by Bunnings Group Limited.

(ii) General information regarding the duration of leases is as follows:

- Bunnings Warehouse leases generally commit the tenant to an initial term of ten or fifteen years, followed by a number of optional terms of five years each exercisable by the tenant.
- Leases to J Blackwood and Son Limited at Blacktown, Canning Vale and Regency Park have an initial term of seven years, followed by two optional terms of five years each exercisable by the tenant. The Blacktown and Canning Vale leases allow the tenant to terminate the lease any time after three years, subject to providing 12 months prior notice.
- Leases of the Bayswater showrooms commit the tenant to an initial term of seven years, followed by one optional term of at least five years exercisable by the tenant.
- The lease for that part of the Geraldton Showrooms that has been let is for an initial term of eight years, followed by two optional terms of five years each exercisable by the tenant.
- Leases at the Blackburn industrial property have varying lease terms all expiring in 2011/12 with tenant exercisable options between three and five years. The weighted average lease expiry for the property is 3.7 years.
- At 30 June 2008, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 1.5 years (2007: 2.5 years) and the maximum lease expiry is 11.3 years (2007: 12.3 years), with a weighted average lease expiry for the portfolio of 6.9 years (2007: 7.9 years).

9. Investment properties (non-current) (continued)

(c) Operating leases (continued)

(iii) Generally, rents are reviewed annually in line with movements in Consumer Price Indices compiled by the Australian Bureau of Statistics except when a market rent review is due. Market rent reviews for Bunnings Warehouses are generally 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 in accordance with generally accepted rent review criteria.

(iv) The tenant is responsible for payment of all outgoings, which include all normal rates, taxes and assessments (other than land tax in some instances). The tenant is responsible for payment of all utilities utilised by it from all premises.

(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:

	08 $000	07 $000
Not later than one year	**65,703**	60,556
Later than one year not later than five years	**260,196**	242,224
Later than five years	**129,257**	178,125
	455,156	480,905

(d) Reconciliation of movement in investment properties

	08 $000	07 $000
Opening balance at the beginning of the financial year	**950,200**	721,125
Capital additions	**51,419**	61,969
Capital disposals	**-**	(755)
Net (loss)/gain from fair value adjustments	**(39,319)**	167,861
Closing balance at the end of the financial year	**962,300**	950,200

	08 $000	07 $000

10. Payables and deferred income

	08 $000	07 $000
Current		
Trade creditors and accruals	5,316	3,074
Responsible entity's fees payable	1,599	1,392
Rent received in advance	5,507	5,225
	12,422	9,691

The Trust's exposure to liquidity risk in respect of payables is disclosed in Note 16.

11. Interest-bearing loans and borrowings

	08 $000	07 $000
Non-current		
Bank loans	308,499	258,552

The Trust has access to bank bill lines totalling $380 million (2007: $280 million) through facility agreements with ANZ Banking Group Limited, National Australia Bank Limited, Westpac Banking Corporation, and Commonwealth Bank of Australia. The amount of credit unused at 30 June 2008 was $71.5 million (2007: $21.4 million). At 30 June 2008 the minimum duration of the facilities was 13 months (2007: 13 months) and the maximum was 25 months (2007: 21 months) with a weighted average duration of 17.5 months (2007: 18.7 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 16 for information on interest rate risk.

12. Issued capital

	08 $000	07 $000
(a) Book value of units on issue		
Book value at the beginning of the financial year	330,233	330,233
Expenses incurred in reinstating the Distribution Reinvestment Plan	(27)	-
Book value at the end of the financial year	330,206	330,233
(b) Number of ordinary units on issue		
Number of fully paid units on issue at the beginning of the financial year	301,435,539	301,435,539
Number of fully paid units on issue at the end of the financial year	301,435,539	301,435,539

The Distribution Reinvestment Plan was suspended in February 2005. The Distribution Reinvestment Plan has been re-introduced for the final distribution for the financial year ending 30 June 2008.

13. 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.

	08 $000	07 $000
Opening balance at the beginning of the financial year	6,084	3,067
Amounts recognised in net profit for the year	(11)	(736)
Net gains on cash flow hedges for the year	2,751	3,753
Closing balance at the end of the financial year	8,824	6,084

	08 $000	07 $000
14. Cash flow		
(a) Reconciliation of operating profit to the net cash flows from operations		
Net profit	692	206,978
Net fair value change on investment properties	39,319	(167,861)
Increase in prepayments and receivables	(232)	(765)
Increase in payables and deferred income	2,742	2,733
Net cash flows from operating activities	42,521	41,085
(b) Reconciliation of cash		
Cash balance comprises:		
Cash (see Note 7)	6,625	5,122

15. 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 16 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 this financial report.

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 16.

16. Financial instruments

The Trust has recognised certain financial instruments in the accounts. These financial instruments are disclosed in Notes 7, 8, 10 and 11. 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 and payments due to the Trust under interest rate swaps.

Receivables

The credit risk associated with 95.4 percent (2007: 99.4 percent) of the rental income is with two tenants, Bunnings Group Limited 93.0 percent (2007: 96.8 percent), and J Blackwoods and Son Limited 2.4 percent (2007: 2.6 percent), wholly owned subsidiaries of Wesfarmers Limited. Bunnings Group Limited, J Blackwood and Son Limited, 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 BBB+ by Standard & Poor's (BAA1 – 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.

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.

Exposure to credit risk

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

		Carrying amount	
		08	07
	Note	$000	$000
Loans and receivables	8	**1,186**	1,287
Cash	7	**6,625**	5,122
Interest rate swaps		**8,833**	6,105
		16,644	12,514

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

	08 $000	07 $000
Tenants		
Wesfarmers Limited subsidiaries	**304**	417
Other tenants	**32**	20
Loans		
Bunnings Group Limited – (see Note 18(d)(i)e.)	**850**	850
	1,186	1,287

16. Financial instruments (continued)

(a) Concentration of credit risk (continued)

Impairment losses

None of the Trust's receivables are overdue (2007: nil).

There was no allowance 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. The majority of receivables, which includes the amount owed by the Trust's most significant customer (see above), relate to customers that have a good credit history with the Trust.

(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 cashflow forecasts to assist in managing its liquidity.

The following are the contractual maturities of financial liabilities (including estimated interest payments) and receipts of interest rate swaps:

	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
30 June 2008						
Bank loans - principal	(308,499)	(310,400)	-	(260,400)	(50,000)	-
Bank loans – future interest	-	(38,365)	(22,481)	(15,072)	(812)	-
Payables and deferred income	(12,422)	(12,422)	(12,422)	-	-	-
Interest rate swaps assets	8,833	9,748	3,212	2,843	3,598	95
	(312,088)	**(351,439)**	**(31,691)**	**(272,629)**	**(47,214)**	**95**
30 June 2007						
Bank loans - principal	(258,552)	(260,100)	-	(260,100)	-	-
Bank loans – future interest	-	(28,445)	(17,518)	(10,927)	-	-
Payables and deferred income	(9,691)	(9,691)	(9,691)	-	-	-
Interest rate swaps assets	6,105	7,066	1,703	1,838	2,873	652
	(262,138)	(291,170)	(25,506)	(269,189)	2,873	652

(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 adjusting the effective interest rate on the underlying obligations. At 30 June 2008 the fixed rates varied from 5.09 per cent to 7.88 per cent (2007: 5.09 per cent to 6.67 per cent) and the floating rates were at bank bill rates plus a bank margin.

The Trust adopts a policy of ensuring that at least 50 per cent of its borrowings are covered by interest rate swaps.

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

	Carrying amount 08 $000	Carrying amount 07 $000
Variable rate instruments		
Cash	**6,625**	5,122
Bank loans	**(308,499)**	(258,552)

16. Financial instruments (continued)

(c) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Trust does not have any fixed rate financial assets and liabilities, other than a loan to Bunnings Group Limited, see Note 18(d)(i)e, which will be held to maturity.

Cash flow sensitivity analysis for variable rate instruments

The analysis below considers the impact on equity and net profit 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 2007.

	Net profit		Equity	
	75 basis points increase $000	25 basis points decrease $000	75 basis points increase $000	25 basis points decrease $000
30 June 2008				
Variable rate instruments	(2,328)	776	-	-
Interest rate swaps	1,826	(609)	2,415	(805)
Net impact on net profit and equity	**(502)**	**167**	**2,415**	**(805)**
30 June 2007				
Variable rate instruments	(1,951)	660	-	-
Interest rate swaps	1,590	(530)	2,040	(680)
Net impact on net profit and equity	(361)	130	2,040	(680)

(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:

	08		07	
	Book value $000	Fair value $000	Book value $000	Fair value $000
Loans and receivables	**1,186**	**-**	1,287	-
Cash	**6,625**	**-**	5,122	-
Interest rate swaps	**-**	**8,833**	-	6,105
Bank loans	**(308,499)**	**-**	(258,552)	-
Payables and deferred income	**(12,422)**	**-**	(9,691)	-
	(313,110)	**8,833**	(261,834)	6,105

16. 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:

	08	07
Interest rate swaps	**7.68% to 7.95%**	6.68% to 6.94%

(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 40 per cent for the Trust's gearing ratio (debt to total assets). At 30 June 2008, the gearing level was 31.5 per cent (2007: 26.8 per cent).

The Trust's Distribution Reinvestment Plan was reinstated during the year, effective for the distribution for the final distribution for the financial year ending 30 June 2008, and will apply to subsequent distributions unless notice is given of its suspension or termination.

17. Capital expenditure commitments

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

	08 $000	07 $000
Investment properties		
Not later than one year	**275**	7,450
Later than one year and not later than five years	**24,000**	30,700
	24,275	38,150

Reflective insulation material

In February 2008 the Trust committed to fund $0.275 million for the replacement of reflective insulation material to four existing Trust-owned Bunnings Warehouse stores in New South Wales.

Hawthorn, Victoria

In April 2007 the Trust acquired for $20.5 million inclusive of acquisition costs, a 0.84 hectare development site in Hawthorn, Victoria.

A Bunnings Warehouse is to be developed on the site, with completion expected late in the 2008 calendar at a fixed cost to the Trust of $24.0 million, to be paid on completion. Under the terms of the development agreement, the developer will be responsible for outgoings and pay the Trust land rent to defray the Trust's holding costs until the Bunnings Warehouse is completed. Upon completion of the development, the Trust will receive an annual rental of $2,710,000.

18. 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, Bunnings Property Management Limited, during the financial year:

Chairman – non-executive
J A Austin (appointed 5 December 2007)
W H Cairns (retired 5 December 2007)

Non-executive directors
J A Austin (appointed Chairman 5 December 2007)
P J Johnston
P J Mansell
R D Higgins (appointed 5 December 2007)

General manager
G W Gernhoefer

(b) Remuneration policy

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

For the financial year ended 30 June 2008, 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.

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.

(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
J A Austin	35,000	-	-	35,000
P J Johnston	45,303	-	-	45,303
P J Mansell	100,000	-	-	100,000
Total	**180,303**	**-**	**-**	**180,303**

* W H Cairns held 49,089 units at the commencement of the year; Mr Cairns retired on 5 December 2007.

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

18. Director and executive disclosures and related party disclosures (continued)

(d) Transactions with related parties

(i) Relationship with the Wesfarmers Group

a. Wesfarmers Investments Pty Ltd, a controlled entity of Wesfarmers Limited, holds 68,250,435 (2007: 68,250,435) units in the Trust, representing 22.64 per cent of the units on issue at 30 June 2008 (2007: 22.64 per cent).

b. During the year ended 30 June 2008 rent and other property income of $61,308,009 (2007: $58,493,469) was received from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of $5,257,705 (2007: $4,939,512).

c. During the year ended 30 June 2008 rent of $1,625,920 (2007: $698,884) was received from J Blackwood and Son Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of $138,142 (2007: $132,917).

d. The responsible entity's fee of $5,678,297 (2007: $4,681,912) is paid/payable to the responsible entity. During the year the responsible entity waived its entitlement to fees in respect of a development site at Hawthorn Victoria, acquired in April 2007. For the year ended 30 June 2008 the amount of fee the responsible entity had waived was $113,490 (2007: $19,791).

e. During the year ended 30 June 2008 the Trust continued to provide a loan of $850,000 to Bunnings Group Limited. The loan was first provided during the year ended 30 June 2006 to fund the purchase of a parcel of land adjacent to the Vermont South Bunnings Warehouse. The land was exchanged at fair value and the terms of the agreement include charging Bunnings Group Limited an access fee of 8.0 per cent annually until such time as the parcel of land can be sold to an external party, at which time Bunnings Group Limited will repay the loan.

f. During the year ended 30 June 2008 the Trust acquired an existing Bunnings Warehouse from Perpetual Trustee Company Limited as custodian for GEO Management Limited (Responsible Entity of the GEO Property Trust) for $15,200,000. Bunnings Properties Pty Limited (as tenant) entered into a Call Option Deed with Perpetual Trustee Company Limited and subsequently nominated the Trust to acquire the property. The Trust entered into a Nomination Deed with Bunnings Properties Pty Limited to surrender the existing lease and procure Bunnings Group Limited to enter into a new ten year lease the day following settlement of the transaction.

   The Trust paid Bunnings Properties Pty Limited a nomination fee of $3,200,000 which recognised the additional eight years of tenure to the Trust and an increase in the rent paid by Bunnings Group Limited on commencement of the lease.

g. During the year ended 30 June 2008 the Trust reimbursed Bunnings Group Limited $3.4 million for the completion of an upgrade to the Trust's Morayfield Bunnings Warehouse.

h. During the year ended 30 June 2008 the Trust agreed to reimburse Bunnings Group Limited $2.8 million for the completion of an upgrade to the Trust's Mile End Bunnings Warehouse.

(ii) During the year Freehills, of which Mr P J Mansell was Managing Partner of the Perth office until 29 February 2004 and subsequently has provided consultancy services, provided legal services on an arms length basis totalling $20,123 (2007: $7,565).

No other benefits have been received or are receivable by directors of the responsible entity or directors of a related entity.

19. 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 Bunnings Property Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

(c) Segment reporting

The Trust operates wholly within Australia and derives rental income from investments in commercial property.

(d) Economic dependency

95.4 per cent (2007: 99.4 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited and J Blackwood and Son Limited, both controlled entities of Wesfarmers Limited.

(e) Corporate information

The financial report of Bunnings Warehouse Property Trust (the Trust) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 7 August 2008.

Directors' report

For the year ended 30 June 2008

In accordance with the Corporations Act 2001, Bunnings Property Management Limited (ABN 26 082 856 424), the responsible entity of Bunnings Warehouse Property Trust, provides this report for the financial year ended 30 June 2008. The information on pages 9 to 13 forms part of this directors' report and is to be read in conjunction with the following information:

Results and distributions

	08 $000	07 $000
Net profit	**692**	206,978
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 2008.		
(a) Out of the profits for the year ended 30 June 2007 on ordinary units as disclosed in last year's directors' report		
Final distribution of 6.56 cents per ordinary unit paid on 29 August 2007.	**19,774**	19,262
(b) Out of the profits for the year ended 30 June 2008 (see Note 5 of the notes to the financial statements):		
(i) Interim distribution of 6.55 cents per ordinary unit paid on 29 February 2008.	**19,745**	19,352
(ii) Final distribution of 6.72 cents per ordinary unit declared by the directors for payment on 29 August 2008.	**20,256**	19,774

Units on issue

At 30 June 2008, 301,435,539 units of Bunnings Warehouse Property Trust were on issue (2007: 301,435,539).

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 2008, Bunnings Warehouse Property Trust held assets to a total value of $980.0 million (2007: $963.4 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 $5,678,297 (2007: $4,681,912) were paid or payable to the responsible entity out of Trust property during the financial year.

Trust information

Bunnings Warehouse Property Trust is a Managed Investment Scheme registered in Australia. Bunnings Property 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 (2007: Nil).

Directors' report

For the year ended 30 June 2008

Directors

Information on directors

W H Cairns (retired 5 December 2007)

J A Austin

P J Johnston

P J Mansell

R D Higgins (appointed 5 December 2007)

Details of the directors appear on page 16.

No director is a former partner or director of the current auditor of the Trust.

Company secretary

Anthony M Niardone, LLB

Mr A M Niardone has been company secretary of the responsible entity since 16 February 2004. He is also the company secretary for a number of other Wesfarmers Limited subsidiary companies. Prior to joining Wesfarmers he was assistant company secretary at Woodside Petroleum Ltd. He was admitted to practice as a barrister and solicitor in 1994. Anthony resigned as company secretary on 9 April 2008.

Karen A Lange, FCIS, FCPA

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

Directors' units

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

	Units in the Trust	Shares in Wesfarmers Limited
J A Austin	35,000	4,767
P J Johnston	45,303	34,146
P J Mansell	100,000	6,066

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 indemnity of directors and officers

During and since the end of the financial year insurance has been maintained covering the entity's directors and officers against liability 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.

Review and results of operations

The operations of the Trust during the financial year and the results of those operations are reviewed on pages 9 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 $12,100,000 (2007: $229,075,000) to $962,300,000 (2007: $950,200,000), and the number of investment properties increased by 3 to 60 (2007: 57) 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

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

Directors' report
For the year ended 30 June 2008

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 9 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 Bunnings Property Management Limited support and comply with the majority of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The responsible entity's corporate governance statement is contained on pages 17 to 20 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 which is comprised of all of the board members of the responsible entity.

There were two Audit and Risk 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 98/0100, 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 48 and forms part of the Directors' Report for the year ended 30 June 2008.

Non-audit services

The following non-audit services were provided to the Trust. The board has considered the nature of the non-audit services provided by the external auditor and has determined that the services provided and the amount paid for those services are compatible with the general standard of independence for auditors imposed by the Corporations Act and did not compromise the auditor's independence.

KPMG received or is due to receive the following amounts for the provision of non-audit services:

Taxation services	$9,750
Total	$9,750

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

J A Austin
Chairman

Bunnings Property Management Limited

Perth, 7 August 2008

Directors' declaration
For the year ended 30 June 2008

In accordance with a resolution of the directors of Bunnings Property Management Limited, responsible entity for the Bunnings Warehouse Property 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 2008 and of its performance for the year ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   (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 report also complies 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 2008.

For and on behalf of the board of Bunnings Property Management Limited.

J A Austin
Chairman

Bunnings Property Management Limited

Perth, 7 August 2008

Auditor's independence declaration

For the year ended 30 June 2008

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

To: the directors of Bunnings Property Management Limited, the responsible entity of Bunnings Warehouse Property Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

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

KPMG

B C Fullarton
Partner

Perth, 7 August 2008

Independent audit report to the unitholders of Bunnings Warehouse Property Trust

Report on the financial report

We have audited the accompanying financial report of Bunnings Warehouse Property Trust (the Trust), which comprises the balance sheet as at 30 June 2008, and the income and distribution statement, statement of changes in equity and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of Bunnings Property Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(b), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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 Scheme's preparation and fair presentation of the financial report 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 Trust'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 (including the Australia Accounting Interpretations) and the provisions of the constitution, as amended, a view which is consistent with our understanding of the Scheme'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.

Auditor's opinion

In our opinion:

(a) the financial report of Bunnings Warehouse Property 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 2008 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

KPMG

B C Fullarton
Partner

Perth, 7 August 2008

Unitholder information

Substantial unitholders

The number of units held by the Trust's substantial unitholder as at 25 November 2002, being the date on which its last notice was lodged with the Trust:

	Units
Wesfarmers Limited, its subsidiaries and their associates	58,955,942

Distribution of unitholders

As at 31 July 2008

Range of holding	Holders	Units	%
1 – 1,000	1,394	812,386	0.27
1,001 – 5,000	3,736	11,580,871	3.84
5,001 – 10,000	3,003	22,709,640	7.53
10,001 – 100,000	4,159	91,622,893	30.40
101,000 – over	125	174,709,749	57.96
Total	**12,417**	**301,435,539**	**100.00**
Unitholders holding less than a marketable parcel (269 units)	305	46,167	

Voting rights

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

Twenty largest unitholders

The twenty largest holders of ordinary units in the Trust as at 6 August 2008 were:	Number of units	Percentage of capital held
Wesfarmers Investments Pty Limited	68,250,435	22.64
J P Morgan Nominees Australia Limited	24,473,465	8.12
HSBC Custody Nominees (Australia) Limited	19,271,813	6.39
ANZ Nominees Limited	10,710,017	3.55
National Nominees Limited	10,354,624	3.44
Citicorp Nominees Pty Limited	8,184,874	2.72
RBC Dexia Investor Services Australia Nominees Pty Limited	4,040,424	1.34
Bond Street Custodians Limited	2,941,672	0.98
Kowloon Nominees Pty Limited	2,100,266	0.70
Suncorp Custodian Services Pty Limited	1,336,280	0.44
Queensland Investment Corporation	1,068,386	0.35
Argo Investments Limited	1,000,000	0.33
RE GL CM & JE Adshead Pty Limited	984,978	0.33
Invia Custodian Pty Limited	925,833	0.31
Australian Executor Trustees Limited	608,202	0.20
Mr Robin Halbert, Mr Evan Hillard Estate & Mr John Maloney	581,250	0.19
Cantala Pty Limited	571,703	0.19
Milton Corporation Limited	568,058	0.19
St Gilles Pty Limited	563,959	0.19
CBH Superannuation Holdings Pty Limited	533,334	0.18
Total	**159,069,573**	**52.77**

Investor information

Stock exchange listing

The Bunnings Warehouse Property Trust is listed on the Australian Securities Exchange and reported in the "Industrial" section in daily newspapers – code BWP.

Distribution reinvestment plan

The directors resolved in May 2008 to reinstate the Distribution Reinvestment Plan, to take effect for the final distribution for the financial year ended 30 June 2008 and subsequent distributions unless notice is given of its suspension or termination.

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 Australian Stock Exchange covering matters of relevance to investors.

Website

The Bunnings Warehouse Property Trust internet site, 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 Australian Securities Exchange.

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

Unitholder meetings are held from time to time at which unitholders have the opportunity to learn more about the Trust's activities and prospects.

Unitholder enquiries

Please contact the registry manager if you have any questions about your unitholding or distributions:

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: (08) 9323 2033
www.computershare.com.au

Directory

Responsible entity

Bunnings Property Management Limited
ABN 26 082 856 424

Level 11, Wesfarmers House
40 The Esplanade
PERTH WA 6000
Telephone: (08) 9327 4356
Facsimile: (08) 9327 4344
www.bwptrust.com.au

Directors and senior management

W H Cairns (Chairman – retired 5 December 2007)
J A Austin (Director since 2004 – appointed Chairman 5 December 2007)
P J Johnston (Director)
P J Mansell (Director)
R D Higgins (Director – appointed 5 December 2007)
G W Gernhoefer (General Manager)
A M Niardone (Secretary – resigned 9 April 2008)
K A Lange (Secretary – appointed 9 April 2008)

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: (08) 9323 2033
www.computershare.com.au

Auditor

KPMG
Central Park
152-158 St Georges Terrace
PERTH WA 6000

Bunnings warehouse property trust