BUNNINGS
WAREHOUSE PROPERTY TRUST
ARSN 088 581 097

13 August 2009

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2009

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Full year results announcement
- Appendix 4E Preliminary Final Report
- Financial statements for the year ended 30 June 2009

K A LANGE
COMPANY SECRETARY

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BUNNINGS
WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

13 August 2009

ASX ANNOUNCEMENT

Full-year results to 30 June 2009

The directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today announced the results of the Trust for the financial year to 30 June 2009.

Highlights

- Income of $73.2 million for the year – up 11.0 per cent on the previous year
- Distributable profit of $40.5 million for the year – up 1.1 per cent on the previous year
- Final distribution of 4.87 cents per unit for the six months to 30 June 2009, taking the full-year distribution to 11.57 cents per unit – down 12.8 per cent on the previous year due to increased units issued during the year
- Market rent reviews on 19 properties - average 12.2 per cent increase in annual rent
- Acquisitions, developments and other improvements to portfolio totalling $45.4 million
- Portfolio value $955.6 million - down by $6.7 million following full-year net revaluation loss of $52.1 million and capital expenditure of $45.4 million during the year.
- Improved financial position as a result of a $150 million capital raising and agreement with two banks to extend existing banking facilities ($180 million) to calendar year 2012.
- Gearing (debt/total assets) 22.6 per cent at 30 June 2009 (2008: 31.5 per cent).

  Covenant gearing (debt and non-current liabilities/total assets) 23.1 per cent (2008: 31.5 per cent)

Financial results

Total income for the full-year to 30 June 2009 was $73.2 million, up by 11.0 per cent from last year, due to increases in rental income from rent reviews or new income received from acquisitions and developments.

Finance costs of $21.3 million (excluding one-off costs of terminating interest rate swaps) were 16.3 per cent higher than last year, due to the average level of debt being 15.1 per cent higher ($320.2 million compared with $278.1 million for 2008) and a higher weighted average interest rate after hedging (including margins and fees) of 6.64 per cent, compared with 6.56 per cent in the previous year.

Distributable profit for the year was $40.5 million, an increase of 1.1 per cent on the distributable profit last year. The distributable profit excludes the unrealised net loss of $52.1 million on the revaluations of the fair value of the portfolio (see revaluations section below). The revaluation loss is set-off against prior year's undistributed income.

The management expense ratio for the 12 months to 30 June 2009 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.69 per cent (2008: 0.67 per cent).

As at 30 June 2009 the Trust's total assets were $999.9 million (2008: $979.9 million), with unitholders' equity of $733.0 million and total liabilities of $266.9 million.

The underlying net tangible asset backing of the Trust's units ("NTA") at 30 June 2009 was $1.79 per unit, a decline of 4.8 per cent from $1.88 per unit at 31 December 2008 (30 June 2008: $2.12). The decline in NTA over the half-year to 30 June 2009 is mainly due to a 34 per cent increase in the number of issued units during the half-year.

The Trust's gearing ratio (debt to total assets) at 30 June 2009 was 22.6 per cent (2008: 31.5 per cent), and remained within the board's preferred range of 20 to 40 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 23.1 per cent (2008: 31.5 per cent). The interest cover ratio was 2.9 times (2008: 3.3 times).

Distribution

A final distribution of 4.87 cents per ordinary unit has been declared and will be made on 31 August 2009 to unitholders on the Trust's register at 5.00 pm on 30 June 2009.

The final distribution takes the total distribution for the year to 11.57 cents per unit, a 12.8 per cent decrease on last year. The reduction in full-year distribution per unit is mainly due to the effect of additional units issued in the $150 million entitlement offer announced in May 2009 (see Capital management section below).

The tax advantaged component of the distribution is 28.07 per cent.

Units issued under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at $1.5932 per unit, representing a 2.5 per cent discount to the volume weighted average price of the Trust's units for the 10 trading days following the record date.

Property portfolio improvements

Total capital expenditure on the portfolio during the year amounted to $45.4 million, summarised in the following table.

Capital expenditure during 2008/09		**$m**
Acquisitions	Mt Gravatt, QLD, Bunnings Warehouse	11.9
	Altona, VIC, land adjoining existing Bunnings Warehouse	2.8
		14.7
Developments	Cannon Hill, QLD, Bunnings Warehouse expansion	1.2
	Noarlunga, SA, Bunnings Warehouse expansion	3.6
	Hawthorn, VIC, Completion of new Bunnings Warehouse	24.1
		28.9
Other improvements	Blackburn – replace asbestos roof and remove fuel tanks	0.6
	Various other minor works	1.2
		1.8
	Total	**45.4**

An outline of the acquisitions and developments is provided below.

In October 2008, the construction of the Trust's Bunnings Warehouse at Hawthorn, Victoria was completed at a cost of $24.1 million. The Trust purchased the land from a third party developer in April 2007 for $20.5 million (including acquisition costs). The Trust will receive an annual rental of $2,736,000.

In December 2008, the Trust purchased an established Bunnings Warehouse in the Brisbane suburb of Mt Gravatt, Queensland. The 2.7 hectare property was acquired from Bunnings Group Limited on a sale and lease-back basis for $11.9 million (including acquisition costs). The new lease has an initial term of seven years, with five options for a further five years each exercisable by the tenant. The commencing annual rent of $974,000 escalates by three per cent each anniversary and is reviewed to market at the exercise of each option. Market reviews may be no greater than 110 per cent nor less than 90 per cent of the rent in the preceding year.

Also in December 2008, a $1.2 million amalgamation of the Trust's Cannon Hill Bunnings Warehouse and distribution centre was completed by Bunnings Group Limited as project manager for the Trust. The resulting upgraded Bunnings Warehouse has a fully enclosed area of 13,913 square metres. The annual rental increased by approximately $203,000 incorporating a seven per cent increase in the passing rental to reflect the likely increase from the market rent reviews that would have occurred in 2009, in addition to an 8.0 per cent return on the cost of the upgrade.

In March 2009 the Trust acquired a vacant site adjoining the Trust's Bunnings Warehouse in the suburb of Altona, approximately 11 kilometres south-west of the Melbourne central business district. The 1.0 hectare vacant site was purchased for $2.8 million (including acquisition costs) and allows for future expansion of the Bunnings Warehouse. Bunnings Group Limited pays the Trust an access fee of 8.0 per cent per annum on the Trust's total capital outlay until the adjoining Bunnings Warehouse is expanded over the vacant site. The acquisition increases the Trust's land holding at the location from 2.4 to 3.4 hectares.

During the second half of the year, an upgrade of the existing Bunnings Warehouse store, located in the Adelaide suburb of Noarlunga, was completed by Bunnings Group Limited as project manager for the Trust at an estimated cost of approximately $3.6 million. The upgrade expanded the main trade area and timber drive-through. The annual rental will increase by eight per cent return on the cost of the upgrade, plus a seven per cent increase in the passing rental to reflect the likely increase from the market rent review that would have occurred in 2009.

At 30 June 2009 the weighted average lease expiry term of the portfolio was 6.3 years (2008: 6.8 years).

Rent reviews

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

During the year, 35 properties had annual fixed or CPI increases, resulting in an average increase of 4.5 per cent in the annual rent for these properties.

There were 20 properties due for a market rent review during the year. Nineteen market reviews were completed and one in the process of being reviewed. Of the 19 reviews completed, 6 were negotiated between both parties and 13 were determined by an independent valuer. There was a 12.2 per cent average increase in annual rent for these 19 properties as a result of the market rent reviews.

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

Property location	***Passing rent*** *($ pa)*	***Market review*** *($ pa)*	***Uplift*** *(%)*	***Effective date***
Altona, VIC*	965,287	994,215	+3.0	24 Sep 08
Balcatta, WA	1,454,618	1,680,000	+15.5	24 Sep 08
Bayswater, VIC*	1,500,786	1,500,786	+0.0	21 Apr 09
Broadmeadows, VIC	957,484	1,060,000	+10.7	24 Sep 08
Burleigh Heads, QLD^	1,240,605	1,350,000	+8.8	22 Oct 08
Epping, VIC*	1,027,533	1,070,000	+4.1	12 Mar 09
Hemmant, QLD (Distribution Centre)	1,333,376	2,017,100	+51.3	19 Nov 08
Joondalup, WA	1,009,873	1,200,000	+18.8	24 Sep 08
Lismore, NSW*^	793,599	805,000	+1.4	20 Apr 09
Mandurah, WA*	969,854	1,247,500	+28.6	1 Dec 08
Mentone, VIC	1,103,503	1,370,000	+24.2	24 Sep 08
Port Macquarie, NSW	757,962	800,055	+5.6	17 Nov 08
Rocklea, QLD*	1,412,261	1,412,261	+0.0	16 Aug 08
Sandown, VIC	908,439	1,010,000	+11.2	24 Sep 08
Scoresby, VIC	1,114,657	1,173,000	+5.2	24 Sep 08
Southport, QLD^	1,229,549	1,330,000	+8.2	10 Nov 08
Sunshine, VIC	819,936	905,000	+10.4	24 Sep 08
Tuggeranong, ACT	1,259,477	1,390,000	+10.0	1 Dec 08
Underwood, QLD^	1,140,287	1,250,000	+9.6	22 Oct 08
Weighted average (%)			**+12.2**	

* Negotiated outcome
^ Excludes amortised rent not subject to review

The remaining rent review due during the year for the Bunnings Warehouse at Minchinbury, New South Wales, is likely to be completed in the first half of 2009/10.

Investment property revaluations

The entire Trust portfolio was re-valued at 31 December 2008 and again at 30 June 2009, including 22 property revaluations performed by independent valuers (12 at 31 December 2008 and 10 at 30 June 2009). Properties not independently revalued at each balance date are subject to directors' valuations, with an independent valuer reviewing the methodology adopted.

The value of the portfolio decreased by $6.7 million over the year to $955.6 million; following a net revaluation loss of $52.1 million and capital expenditure of $45.4 million during the year. Details of the revaluations are disclosed in Note 9 of the notes to the financial statements.

The net revaluation loss was predominantly a result of the increase in capitalisation rates across most of the portfolio, reflecting declines in commercial property values more broadly in Australian property markets. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2009 was 7.81 per cent (December 2008: 7.57 per cent and June 2008: 7.08 per cent).

Capital management

The Trust currently has a total of $380.0 million debt facilities with four major Australian banks. Details of the facilities are provided below.

Bank facilities as at 30 June 2009	*Limit* *$m*	*Amount drawn* [(a)] *$m*	*Expiry date*
Australia and New Zealand Banking Group Limited	100.0	56.8	31 July 2010
National Australia Bank Limited	100.0	53.8	Evergreen [(b)]
Commonwealth Bank of Australia	100.0	61.1	14 January 2010 [(c)]
Westpac Banking Corporation	80.0	54.5	1 July 2010 [(c)]
	380.0	**226.2**	

(a) Amount drawn includes accrued interest of $0.3 million as at 30 June 2009.

(b) Facility is extended annually in March each year provided there has been no event of default or potential event of default, with any change to pricing to apply from 1 April the following year.

(c) As at 30 June 2009 offers had been made by banks to extend these facilities - Commonwealth Bank of Australia to 14 January 2012 and Westpac Banking Corporation to 2 July 2012. These extensions have been formalised subsequently.

In May 2009 the Trust announced a $150 million equity raising, via a non-renounceable 1 for 3.09 entitlement offer at a fixed price of $1.50 per unit ("entitlement offer"). The entitlement offer was fully underwritten by J.P. Morgan Australia Limited and was strongly supported by institutions and retail investors. There was a 63 per cent take-up of entitlements by retail unitholders (including applications for additional units). As a result of the entitlement offer the Trust issued 100,244,757 new units, taking the total units on issue at 30 June 2009 to 410,001,055.

Proceeds of the entitlement offer were used to repay debt during the year, with further repayments of debt to be made in 2009/10 as bank bills mature. As a result of reducing debt levels, the Trust had to terminate some interest rate swaps to ensure the level of hedging would not exceed 100 per cent of borrowings. The termination of the interest rate swaps resulted in a one-off cost of $3.3 million during the half-year.

The Trust's DRP was reinstated during 2008 and applied to both the interim and final distributions for 2008/09. During the year 8,320,759 units were issued under the DRP.

At 30 June 2009, the Trust's hedging cover was 85.0 per cent of borrowings, with $192.0 million interest rate swaps against interest bearing debt of $225.9 million. The weighted average term to maturity of hedging was 3.07 years, including delayed start swaps.

Outlook

The Trust is well positioned to meet a range of economic and market conditions that may arise in the near term.

Following the capital raising undertaken during the year, the Trust has the financial flexibility to manage debt funding should credit markets remain tight or worsen in the short term. The extension of $180 million in bank facilities until 2012 has also significantly reduced refinancing risks for the Trust. While borrowings under debt facilities have reduced as a result of the equity raising, the effects of higher bank fees and margins following refinancing and the high level of hedged debt is expected to increase the Trust's effective interest rate.

The additional debt capacity from paying down borrowings provides ample capacity to take advantage of appropriate growth opportunities. Bunnings Warehouses will continue to be the primary focus for growth, through improvements to existing properties and selective acquisitions.

There is an active market for Bunnings Warehouses currently, with sellers motivated by requirements to manage capital and buyers seeing value at current yields in a low interest environment. Private investors have acquired nine Bunnings Warehouses offered for sale by Bunnings Group Limited and third party owners in the open market during the six months to 30 June 2009. The current market conditions and the Trust's balance sheet strength may provide a unique opportunity for the Trust to acquire premium assets to enhance the portfolio. Although Bunnings Warehouse are the most likely target for acquisitions, other assets that meet the Trust's investment criteria and complement the existing portfolio will be considered.

There are market rent reviews for 10 of the Trust's Bunnings Warehouse in the 2009/10 financial year. The results of these will depend on a number of factors including specific characteristic of the individual properties and the relativity of current rentals of comparable Bunnings Warehouses. While the market rent reviews completed for 2008/09 generally showed strong increases, these results are not necessarily an indication of the likely outcome of upcoming rent reviews.

Further information

The Bunnings Warehouse Property Trust internet site, www.bwptrust.com.au is a useful source of information for investors and unitholders. It includes details of the Trust's property portfolio, current activities and future prospects.

The site provides access to annual and half-year reports and also contains releases made to the Australian Securities Exchange covering matters of relevance to investors.

For further information please contact:

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An investor briefing and question and answer teleconference call will be held on Thursday 13 August 2009 at 12.30pm WST (2.30pm EST).
Dial 1800 505 083 – ask to join the BWP Investor Briefing
(An investor briefing presentation will be released separately).

BUNNINGS WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

APPENDIX 4E

Financial year ended 30 JUNE 2009

Results for announcement to the market

		Full-year to 30 June 09	Full-year to 30 June 08	Variance (%)
Revenue from ordinary activities	($000)	73,161	65,901	11.0
Net profit before unrealised items	($000)	40,451	40,011	1.1
Unrealised items – loss in fair value of investment properties	($000)	(52,140)	(39,319)	32.6
Net (loss)/profit from ordinary activities attributable to unitholders	($000)	(11,689)	692	(1,789.2)
Net tangible assets per unit	($)	1.79	2.12	(15.6)

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 13 August 2009 accompanying this statement.

Audit

This report is based on accounts that have been audited.

Distributions

Interim distribution paid	($000)	20,470	19,744	3.7
Final distribution payable	($000)	19,967	20,256	(1.4)
Interim distribution per unit	cents	6.70	6.55	2.3
Final distribution per unit	cents	4.87	6.72	(27.5)

Record date for determining entitlements to the final distribution	30 June 2009
Payment date for final distribution	31 August 2009

The Distribution Reinvestment Plan ("DRP") was reinstated for the distribution for the half-year ended 30 June 2008 and will apply to future distributions until notice is given of its suspension or termination.

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 5.00pm (WST) on 30 June 2009 if they were to apply to the final distribution for 2008/09. Forms received after that time will be effective for subsequent distributions only.

Units issued under the DRP in respect of the final distribution for 2008/09 will be issued at $1.5932 per unit, representing a 2.5 per cent discount to the volume weighted average unit price for the 10 trading days following the record date.

This report should be read in conjunction with the annual financial report of the Trust and any announcements made in the period by or on behalf of the Trust in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

BUNNINGS WAREHOUSE PROPERTY TRUST

STATUTORY ACCOUNTS

For the full-year ended
30 June 2009

Bunnings Warehouse Property Trust
Income and Distribution Statement
For the year ended 30 June 2009

	Note	June 2009 $000	June 2008 $000
INCOME STATEMENT			
Rental income		**71,208**	63,083
Other property income		**1,662**	2,515
Finance income	4	**291**	278
Other income		**-**	25
Total income		**73,161**	65,901
Finance costs	4	**(21,295)**	(18,310)
Costs associated with terminating interest rate swaps	4	**(3,297)**	-
Total finance expenses		**(24,592)**	(18,310)
Responsible entity's fees	2	**(5,556)**	(5,678)
Other operating expenses		**(2,562)**	(1,902)
Net profit before unrealised loss in fair value of investment properties		**40,451**	40,011
Unrealised loss in fair value of investment properties	9	**(52,140)**	(39,319)
Net (loss)/profit attributable to unitholders of Bunnings Warehouse Property Trust		**(11,689)**	692
DISTRIBUTION STATEMENT			
Net (loss)/profit attributable to unitholders of Bunnings Warehouse Property Trust		**(11,689)**	692
Undistributed income at the beginning of the financial year		**299,742**	339,051
Distributions paid or payable	5	**(40,437)**	(40,001)
Undistributed income at the end of the financial year		**247,616**	299,742
Basic and diluted earnings (cents per unit)	6	**(3.74)**	0.23
Distribution (cents per unit)	5	**11.57**	13.27

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

Bunnings Warehouse Property Trust
Balance Sheet
As at 30 June 2009

	Note	**June 2009 $000**	June 2008 $000
ASSETS			
Current assets			
Cash	7	**38,721**	6,625
Receivables and prepayments	8	**1,847**	1,341
Derivative financial instruments	16	**-**	419
Total current assets		**40,568**	8,385
Non-current assets			
Investment properties	9	**955,562**	962,300
Other receivables	8	**850**	850
Derivative financial instruments	16	**2,916**	8,414
Total non-current assets		**959,328**	971,564
Total assets		**999,896**	979,949
LIABILITIES			
Current liabilities			
Payables and deferred income	10	**14,185**	12,422
Derivative financial instruments	16	**1,508**	-
Distribution payable	5	**19,967**	20,256
Total current liabilities		**35,660**	32,678
Non-current liabilities			
Interest-bearing loans and borrowings	11	**225,937**	308,499
Derivative financial instruments	16	**5,275**	-
Total non-current liabilities		**231,212**	308,499
Total liabilities		**266,872**	341,177
Net assets		**733,024**	638,772
Unitholders' equity			
Issued capital	12	**489,273**	330,206
Reserves	13	**(3,865)**	8,824
Undistributed income		**247,616**	299,742
Total unitholders' equity		**733,024**	638,772
Net tangible asset backing per unit		**$1.79**	$2.12

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

Bunnings Warehouse Property Trust
Cash Flow Statement
For the year ended 30 June 2009

	Note	**June 2009 $000**	June 2008 $000
Cash flows from operating activities			
Rent received		**81,447**	73,428
Payments to suppliers		**(9,982)**	(10,625)
Payments to the responsible entity		**(5,638)**	(5,471)
Finance income		**291**	278
Finance costs		**(20,981)**	(18,810)
Costs associated with terminating interest rate swaps		**(3,297)**	-
Net cash flows from operating activities	14	**41,840**	38,800
Cash flows from investing activities			
Payments for purchase of, and additions to, the Trust's property investments		**(45,523)**	(47,698)
Net cash flows used in investing activities		**(45,523)**	(47,698)
Cash flows from financing activities			
(Repayments)/proceeds of borrowings		**(82,562)**	49,947
Proceeds from issue of units via pro-rata entitlement offer		**150,367**	-
Expenses incurred in pro-rata entitlement offer		**(4,631)**	-
Expenses incurred in reinstating the Distribution Reinvestment Plan		**-**	(27)
Distributions paid		**(27,395)**	(39,519)
Net cash flows from financing activities		**35,779**	10,401
Net increase in cash		**32,096**	1,503
Cash at the beginning of the financial year		**6,625**	5,122
Cash at the end of the financial year	7	**38,721**	6,625

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

Bunnings Warehouse Property Trust
Statement of Changes in Equity
For the year ended 30 June 2009

	Note	Issued capital $000	Undistributed income $000	Hedge reserve $000	Total $000
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**
Balance at 1 July 2008		330,206	299,742	8,824	638,772
Change in fair value of hedge derivatives	13	-	-	(12,689)	(12,689)
Expenses incurred in pro-rata entitlement offer		(4,631)	-	-	(4,631)
Total income and expense for the year recognised directly in equity		(4,631)	-	(12,689)	(17,320)
Net loss for the year		-	(11,689)	-	(11,689)
Distributions to unitholders		-	(40,437)	-	(40,437)
Equity issued during the year:					
Pro-rata entitlement offer		150,367	-	-	150,367
Distribution Reinvestment Plan		13,331	-	-	13,331
Balance at 30 June 2009		**489,273**	**247,616**	**(3,865)**	**733,024**

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

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 2008. 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 standards have been identified as those which may impact the Trust in the period of initial application. They are available for early adoption at 30 June 2009, but have 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. Application of this standard will not affect any of the amounts recognised in the financial statements but may result in changes in the presentation and terminology used in the financial report.
- Revised AASB 123 Borrowing costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The reviewed AASB 123 will become mandatory for the Trust's 30 June 2010 financial statements. This will have no impact on the Trust as it currently capitalises all borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets provisions.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Significant judgements and estimates (continued)

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.

(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 and short term deposits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue (continued)

Interest income

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

(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 the Income and Distribution Statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the underlying amount is transferred to the Income and Distribution Statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

(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).

	June 2009	June 2008

3. AUDITOR'S REMUNERATION

Auditing or review of the financial statement		
KPMG Australia	**44,000**	47,000
Other services		
KPMG Australia – taxation services	**26,250**	4,750
KPMG Australia – advisory services in relation to pro-rata entitlement offer	**65,000**	-
KPMG Australia – advisory services	**9,000**	-
	100,250	4,750
	144,250	51,750

4. FINANCE INCOME AND EXPENSE

	$000	$000
Recognised directly in the Income and Distribution Statement		
Interest income on bank deposits	**291**	278
Finance income	**291**	278
Interest expense on financial liabilities measured at amortised cost	**(21,295)**	(18,310)
Costs associated with terminating interest rate swaps	**(3,297)**	-
Finance expense	**(24,592)**	(18,310)
Net finance income and expense	**(24,301)**	(18,032)
Recognised directly in equity		
Net change in fair value of cash flow hedges transferred to Income and Distribution:		
- ineffective portion of changes in fair value of cash flow hedge	**11**	(11)
- costs associated with terminating interest rate swaps	**3,297**	-
Net (losses)/gains on cash flow hedges for the year	**(15,997)**	2,751
Finance (expense)/income recognised directly in equity	**(12,689)**	2,740

During the year, the Trust raised capital through a non-renounceable pro-rata entitlement offer, with the majority of the proceeds raised being used to repay debt. As a result, a number of associated interest rate swaps were terminated resulting in costs of $3.297 million (2008: nil).

	June 2009 $000	June 2008 $000

5. DISTRIBUTIONS PAID OR PAYABLE

	June 2009 $000	June 2008 $000
6.70 cents (2008: 6.55 cents) per unit, interim distribution paid on 27 February 2009	**20,470**	19,745
4.87 cents (2008: 6.72 cents) per unit, final distribution provided	**19,967**	20,256
	40,437	40,001

6. EARNINGS PER UNIT

	June 2009	June 2008
Net earnings used in calculating basic and diluted earnings per unit	**($11,689,000)**	$692,000
Basic and diluted earnings per unit	**(3.74 cents)**	0.23 cents
Basic and diluted earnings per unit excluding unrealised loss in fair value of investment properties	**12.94 cents**	13.27 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**312,488,003**	301,435,539

7. CASH

	June 2009 $000	June 2008 $000
Cash at bank	**18,721**	6,625
Short term deposits	**20,000**	-
	38,721	6,625
Weighted average effective interest rates	**4.24%**	6.33%

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

8. RECEIVABLES AND PREPAYMENTS

	June 2009 $000	June 2008 $000
Current		
Receivables from Wesfarmers Limited subsidiaries	**720**	304
Other receivables	**140**	32
Prepayments	**987**	1,005
	1,847	1,341
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).

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 2009 $000	Fair value 30 June 2008 $000	Last independent valuation
Albany, WA	01.11.99	4,100	206	-	2,594	**6,900**	7,200	31.12.07
Altona, VIC	24.09.98	6,800	566	2,781	5,053	**15,200**	12,900	31.12.06
Artarmon, NSW	10.02.03	14,033	864	-	5,303	**20,200**	24,000	31.12.08
Balcatta, WA	24.09.98	11,200	555	-	10,445	**22,200**	22,800	30.06.09
Bayswater, VIC	11.02.03	7,335	796	13,181	2,188	**23,500**	26,000	30.06.09
Belmont, NSW	04.12.06	10,850	634	103	(1,587)	**10,000**	11,400	17.10.06
Belrose, NSW	10.02.03	17,150	1,054	185	5,511	**23,900**	26,200	31.12.08
Bibra Lake, WA	29.12.98	1,899	95	6,350	7,356	**15,700**	17,000	31.12.07
Blackburn, VIC	15.01.08	19,000	1,123	646	(3,769)	**17,000**	17,501	N/A
Blacktown, NSW	24.01.07	8,235	540	56	(1,131)	**7,700**	9,100	30.05.06
Broadmeadows, VIC	24.09.98	7,200	431	240	5,829	**13,700**	13,700	30.06.07
Burleigh Heads, QLD	22.10.98	9,700	195	235	5,570	**15,700**	16,500	30.06.09
Cairns, QLD	10.02.03	10,000	453	996	1,751	**13,200**	14,700	31.12.08
Canning Vale, WA	24.01.07	6,467	430	60	43	**7,000**	7,099	30.05.06
Cannon Hill, QLD	24.12.98	5,600	313	7,820	7,467	**21,200**	20,799	30.06.08
Coffs Harbour, NSW	05.09.01	1,900	112	4,500	3,288	**9,800**	10,700	30.06.07
Croydon, VIC	24.09.98	7,800	518	5,614	5,368	**19,300**	20,400	31.12.06
Dandenong, VIC	19.04.02	4,000	255	6,660	4,585	**15,500**	17,000	31.12.07
Epping, VIC	12.03.99	7,800	463	-	5,137	**13,400**	14,700	30.06.07
Fountain Gate, VIC	24.09.98	8,300	505	1,575	6,720	**17,100**	17,400	31.12.08
Frankston, VIC	26.06.01	7,300	301	9,400	6,399	**23,400**	24,700	30.06.07
Fyshwick, ACT	23.12.02	10,000	942	3,529	2,642	**17,113**	17,100	31.12.08
Geraldton, WA	10.12.01	1,250	351	5,225	3,974	**10,800**	11,300	31.12.07
Geraldton Showrooms, WA	11.09.07	2,897	190	667	(1,454)	**2,300**	2,900	N/A
Hawthorn, VIC	18.04.07	19,337	1,217	24,120	(5,874)	**38,800**	17,001	31.12.08
Hemmant, QLD	07.05.03	3,000	143	10,472	7,585	**21,200**	19,900	30.06.09
Hervey Bay, QLD	12.07.02	2,053	122	6,425	3,000	**11,600**	12,000	30.06.08
Hoppers Crossing, VIC	11.01.99	2,075	134	5,928	5,963	**14,100**	15,500	30.06.08
Joondalup, WA	24.09.98	8,100	593	6	6,101	**14,800**	15,700	30.06.09
Lismore, NSW	21.04.04	7,750	447	884	1,119	**10,200**	11,100	30.06.09
Maitland, NSW	20.08.03	898	489	9,798	3,015	**14,200**	14,900	30.06.06
Mandurah, WA	24.09.98	3,050	160	5,470	6,620	**15,300**	15,700	31.12.06
Maribyrnong, (land) VIC	28.06.01	7,100	462	-	-	**7,562**	7,500	N/A
Mentone, VIC	24.09.98	9,400	542	94	8,164	**18,200**	18,600	30.06.09
Midland, WA	06.03.01	4,600	255	4,930	7,815	**17,600**	18,000	31.12.06
Mile End, SA	22.03.00	11,250	624	3,022	6,804	**21,700**	23,000	30.06.08
Minchinbury, NSW	31.12.98	9,200	503	-	9,697	**19,400**	20,700	30.06.08
Mindarie, WA	03.03.00	4,184	209	5,598	7,009	**17,000**	17,400	31.12.08
Morayfield, QLD	22.03.00	8,000	334	3,621	4,545	**16,500**	16,800	30.06.08
Morley, WA	04.07.05	11,100	642	332	626	**12,700**	14,200	30.06.08
Mornington, VIC	29.12.98	3,400	204	6,481	8,215	**18,300**	18,700	31.12.07
Mt Gravatt, QLD	18.12.08	11,215	659	-	(674)	**11,200**	-	N/A
Noarlunga, SA	13.04.99	2,305	124	7,352	6,919	**16,700**	12,300	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 2009 $000	Fair value 30 June 2008 $000	Last independent valuation
Northland, VIC	24.09.98	8,600	489	2,920	7,391	**19,400**	20,300	31.12.08
Nunawading, VIC	24.09.98	13,700	786	3,100	10,601	**28,187**	29,400	31.12.08
Oakleigh South, VIC	05.04.01	6,650	374	9,146	6,030	**22,200**	23,800	30.06.07
Port Macquarie, NSW	15.11.02	2,100	141	5,400	2,659	**10,300**	11,200	30.06.08
Regency Park, SA	24.01.07	4,656	350	199	(805)	**4,400**	3,900	30.05.06
Rockingham, WA	30.06.00	3,320	166	5,830	6,984	**16,300**	17,000	31.12.08
Rocklea, QLD	23.10.02	6,225	296	7,474	3,105	**17,100**	18,800	31.12.08
Sandown, VIC	24.09.98	7,800	446	5	4,349	**12,600**	12,100	30.06.09
Scoresby, VIC	24.09.98	8,300	473	-	6,327	**15,100**	15,400	30.06.07
Southport, QLD	09.11.98	2,800	188	6,825	4,387	**14,200**	14,500	30.06.09
Sunshine, VIC	24.09.98	7,000	407	118	3,775	**11,300**	10,900	30.06.07
Thornleigh, NSW	07.09.04	13,333	782	104	(19)	**14,200**	15,500	31.12.06
Tuggeranong, ACT	01.12.98	7,900	431	753	8,816	**17,900**	18,000	31.12.06
Underwood, QLD	22.10.98	3,000	178	6,060	4,962	**14,200**	14,699	30.06.09
Vermont South, VIC	14.05.03	9,150	635	14,362	1,153	**25,300**	28,400	31.12.07
Villawood, NSW	14.05.08	18,400	861	-	(1,561)	**17,700**	18,400	N/A
Wollongong, NSW	10.02.03	12,000	628	174	3,498	**16,300**	17,901	31.12.08
		453,767	**27,386**	**226,826**	**247,583**	**955,562**	**962,300**	

(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 2009 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)

Discounted cash flow method

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

Capitalisation of income valuation method

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

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

In completing the valuations, reliance was placed on market evidence of broadly comparable Bunnings Warehouses sold within the past six months, with capitalisation rates ranging between 7.4 per cent to 8.2 per cent (compared with the Trust's weighted average rate of 7.81 per cent).

(b) Independent valuations – valuers

Property	Valuation date	Valuer
Balcatta, WA	30.06.09	Knight Frank, Geoff Wilkinson AAPI
Bayswater, VIC	30.06.09	CB Richard Ellis, Stephen Thomas AAPI
Burleigh Heads, QLD	30.06.09	CB Richard Ellis, Tom Irving AAPI
Hemmant, QLD	30.06.09	CB Richard Ellis, Stephen Kenny AAPI
Joondalup, WA	30.06.09	Knight Frank, Geoff Wilkinson AAPI
Lismore, NSW	30.06.09	Colliers International, Peter Macadam AAPI
Mentone, VIC	30.06.09	Jones Lang LaSalle, Bernard Sweeney FAPI
Sandown, VIC	30.06.09	Jones Lang LaSalle, Bernard Sweeney FAPI
Southport, QLD	30.06.09	CB Richard Ellis, Tom Irving AAPI
Underwood, QLD	30.06.09	CB Richard Ellis, Tom Irving AAPI

9. INVESTMENT PROPERTIES (NON-CURRENT) (CONTINUED)

(c) Operating leases

(i) All of the properties listed in Note 9(a) are leased by Bunnings Group Limited except Trust properties at Blackburn, Maribyrnong, Blacktown, Canning Vale, Regency Park, 1.0 hectares of surplus land adjoining Altona, 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.

(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 seven years for Richard Ventures Pty Ltd and two optional terms of five years for BCF Australia Pty Limited, exercisable by the tenant.
- The lease to BCF Australia Pty Limited at the Geraldton Showrooms is for an initial term of eight years, followed by two optional terms of five years each exercisable by the tenant. The lease to Ultra Tune Properties (WA) No 2 Pty Limited at the Geraldton Showrooms is for an initial term of five 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 2.7 years.
- At 30 June 2009, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.7 years (2008: 1.5 years) and the maximum lease expiry is 11.3 years (2008: 11.3 years), with a weighted average lease expiry for the portfolio of 6.3 years (2008: 6.9 years).

(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:

9. INVESTMENT PROPERTIES (NON-CURRENT) (CONTINUED)

(c) Operating leases (continued)

a) at Bayswater, Morley, Thornleigh and Vermont South properties, the tenant may repurchase the property from the landlord in the event that:

i) the tenant proposes a redevelopment of the relevant property for which the tenant and landlord cannot agree commercial terms and at the time the tenant and landlord are not related bodies corporate; or

ii) the landlord and tenant cease to be related bodies corporate. In respect to the Bunnings Warehouses at Bayswater and Vermont South properties, in the event that the tenant and landlord cease to be related bodies corporate, the tenant may only exercise the right to repurchase at the end of the initial lease term and at the end of each further option term.

b) If the right to repurchase is exercised in respect of any of these properties, the purchase price for the property will be a price to be agreed between the parties and failing agreement, a price determined by an appointed valuer based on the market value assuming vacant possession for the relevant property.

(vi) There are no lease commitments receivable as at the reporting date.

(vii) There were no contingent rentals recognised as revenues in the financial year.

(viii) The future minimum non-cancellable rental revenues are:

	June 2009 $000	June 2008 $000
Not later than one year	**74,658**	65,703
Later than one year not later than five years	**277,285**	260,196
Later than five years	**119,423**	129,257
	471,366	455,156

(d) Reconciliation of movement in investment properties

Opening balance at the beginning of the financial year	**962,300**	950,200
Acquisitions during the year	**14,645**	42,992
Capital improvements	**30,757**	8,427
Net loss from fair value adjustments	**(52,140)**	(39,319)
Closing balance at the end of the financial year	**955,562**	962,300

	June 2009 $000	June 2008 $000
10. PAYABLES AND DEFERRED INCOME		
Current		
Trade creditors and accruals	**6,348**	5,316
Responsible entity's fees payable	**1,517**	1,599
Rent received in advance	**6,320**	5,507
	14,185	12,422

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

11. INTEREST-BEARING LOANS AND BORROWINGS

	June 2009 $000	June 2008 $000
Non-current		
Bank loans	**225,937**	308,499

The Trust has access to bank bill lines totalling $380 million (2008: $380 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 2009 was $154.1 million (2008: $71.5 million). At 30 June 2009 the minimum duration of the facilities was 13 months (2008: 13 months) and the maximum was 31 months (2008: 25 months) with a weighted average duration of 17.7 months (2008: 17.5 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 and liquidity risk.

12. ISSUED CAPITAL

(a) Book value of units on issue

	June 2009 $000	June 2008 $000
Book value at the beginning of the financial year	**330,206**	330,233
Equity issued during the year – Distribution Reinvestment Plan – August 2008, 4,088,440 units @ $1.62 per unit	**6,623**	-
Equity issued during the year – Distribution Reinvestment Plan – February 2009, 4,232,319 units @ 1.5849 per unit	**6,708**	-
Equity issued during the year – pro-rata entitlement offer – 100,244,757 units @ $1.50 per unit	**150,367**	-
Expenses incurred in pro-rata entitlement offer	**(4,631)**	-
Expenses incurred in reinstating the Distribution Reinvestment Plan	**-**	(27)
Book value at the end of the financial year	**489,273**	330,206

12. ISSUED CAPITAL (CONTINUED)

(b) Number of ordinary units on issue

	June 2009	June 2008
Number of fully paid units on issue at the beginning of the financial year	**301,435,539**	301,435,539
Issue of units during the year – Distribution Reinvestment Plan	**8,320,759**	-
Issue of units during the year – Pro-rata entitlement offer	**100,244,757**	-
Number of fully paid units on issue at the end of the financial year	**410,001,055**	301,435,539

(c) Rights

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

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

(d) Distribution Reinvestment Plan

The Distribution Reinvestment Plan (DRP) was re-introduced in May 2008, and has been applied to all distributions since this date.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their distribution in additional units, free of any brokerage or other transaction costs, rather than receiving their entitlement in cash. Units may be issued at a discount to the market price at a level, if at all, determined by the directors.

The DRP issue price was based on the volume weighted average price of Bunnings Warehouse Property Trust units traded on the Australian Securities Exchange for the ten days following the relevant record date, with a discount, if any, as determined by the directors.

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.

	June 2009 $000	June 2008 $000
Opening balance at the beginning of the financial year	**8,824**	6,084
Amounts recognised in net loss/profit for the year	**3,308**	(11)
Net (loss)/gain on cash flow hedges for the year	**(15,997)**	2,751
Closing balance at the end of the financial year	**(3,865)**	8,824

14. CASH FLOW

(a) Reconciliation of operating profit to the net cash flows from operation

	June 2009 $000	June 2008 $000
Net (loss)/profit	**(11,689)**	692
Net fair value change on investment properties	**52,140**	39,319
Increase in receivables and prepayments	**(506)**	(232)
Increase/(decrease) in payables and deferred income	**1,895**	(979)
Net cash flows from operating activities	**41,840**	38,800

(b) Reconciliation of cash

	June 2009 $000	June 2008 $000
Cash balance comprises:		
Cash (see Note 7)	**18,721**	6,625
Short term deposits (see Note 7)	**20,000**	-
	38,721	6,625

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.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 95.0 per cent (2008: 95.4 per cent) of the rental income is with two tenants, Bunnings Group Limited 92.7 per cent (2008: 93.0 per cent), and J Blackwoods and Son Limited 2.3 per cent (2008: 2.4 per cent), 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+(stable)/A2 by Standard & Poor's (BAA1(stable)/P2 – Moody's).

Cash

The Trust limits its exposure to credit risk associated with its cash by maintaining limited cash balances and having cash deposited with reputable, major financial institutions subject to regulation in Australia.

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:

16. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Concentration of credit risk (continued)

		Carrying amount	
		June 2009	June 2008
	Note	**$000**	$000
Loans and receivables	8	**1,710**	1,186
Cash and short term deposits	7	**38,721**	6,625
Interest rate swaps assets		**2,916**	8,833
		43,347	16,644

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

		Carrying amount	
		June 2009	June 2008
	Note	**$000**	$000
Tenants			
Wesfarmers Limited subsidiaries		**720**	304
Other tenants		**140**	32
Loans			
Bunnings Group Limited – (See Note 18(d)(i)e).		**850**	850
		1,710	1,186

Impairment losses

Rental receivables of approximately $7,000 were overdue at 30 June 2009 (2008: 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.

(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.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

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

30 June 2009	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
Bank loans - principal	(225,937)	(226,200)	-	(165,100)	(61,100)	-
Bank loans – future interest	-	(17,790)	(9,054)	(6,367)	(2,369)	-
Payables and deferred income	(14,185)	(14,185)	(14,185)	-	-	-
Interest rate swaps	(3,867)	(2,616)	(4,814)	(2,049)	3,293	954
	(243,989)	**(260,791)**	**(28,053)**	**(173,516)**	**(60,176)**	**954**
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**

(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 2009 the fixed rates varied from 5.15 per cent to 7.85 per cent (2008: 5.09 per cent to 7.88 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, with the preferred range being between 50 per cent and 75 per cent.

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

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

	Carrying amount	
	June 2009 $000	June 2008 $000
Variable rate instruments		
Cash on short term deposits	**38,721**	6,625
Bank loans	**(225,937)**	(308,499)

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. Due to changes in market conditions since the last report, the analysis used for 2009 differs from the previous year.

	Net loss		**Equity**	
	100 basis points increase $000	**100 basis points decrease $000**	**100 basis points increase $000**	**100 basis points decrease $000**
30 June 2009				
Variable rate instruments	(2,262)	2,262	-	-
Interest rate swaps	1,920	(1,920)	7,522	(7,914)
Net impact on net loss and equity	**(342)**	**342**	**7,522**	**(7,914)**

	Net profit/(loss)		**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/(loss) and equity	**(502)**	**167**	**2,415**	**(805)**

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Net fair values

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

	June 2009 $000 Book value and fair value	June 2008 $000 Book value and fair value
Loans and receivables	**1,710**	1,186
Cash on short term deposit	**38,721**	6,625
Interest rate swaps	**(3,867)**	8,833
Bank loans	**(225,937)**	(308,499)
Payables and deferred income	**(14,185)**	(12,422)
	(203,558)	(304,277)

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:

	2009	2008
Interest rate swaps	**3.42% to 5.78%**	7.68% to 7.95%

(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), which is monitored on a monthly basis. At 30 June 2009, the gearing level was 22.6 per cent (2008: 31.5 per cent).

During the year, as part of the Trust's capital management an accelerated non-renounceable pro-rata entitlement offer was as undertaken. This raised total proceeds of $150.4 million of which the majority was used to repay debt.

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

17. CAPITAL EXPENDITURE COMMITMENTS

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

	June 2009 $000	June 2008 $000
Investment properties		
Not later than one year	**442**	275
Later than one year and not later than five years	**-**	24,000
	442	24,275

Capital commitments

As at 30 June 2009, the Trust had committed to capital expenditure for car park works amounting to $300,000, building services of $115,000, and $27,000 (2008: $275,000) committed to replace reflective insulation at the Bunnings Warehouses at Fyshwick and Wollongong.

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

Non-executive directors
P J Johnston
P J Mansell
R D Higgins

General manager
G W Gernhoefer

(b) Remuneration policy

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

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

For the financial year ended 30 June 2009, 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.

18. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES (CONTINUED)

(c) Unit holdings

Directors	Balance at the beginning of the year	Acquired during the year	Sold during the year	Balance at the end of the year
J A Austin	35,000	181,164	-	216,164
P J Johnston	45,303	19,697	-	65,000
P J Mansell	100,000	45,599	-	145,599
Total	**180,303**	**246,460**	**-**	**426,763**

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

(d) Transactions with related parties

(i) Relationship with the Wesfarmers Group

a) Wesfarmers Investments Pty Ltd, a controlled entity of Wesfarmers Limited, holds 92,928,076 (2008: 68,250,435) units in the Trust, representing 22.67 per cent of the units on issue at 30 June 2009 (2008: 22.64 per cent);

During the year ended 30 June 2009, the Trust had the following transactions with Wesfarmers Limited, and its associated subsidiaries:

b) rent and other property income of $68,434,632 (2008: $61,308,009) was received from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of $6,152,663 (2008: $5,257,705);

c) rent of $1,684,472 (2008: $1,625,920) was received from J Blackwood and Son Limited, a controlled entity of Wesfarmers Limited;

d) the responsible entity's fee of $5,556,262 (2008: $5,678,297) is paid/payable to the responsible entity. During the year the responsible entity waived its entitlement to fees in respect of a Bunnings Warehouse at Hawthorn Victoria, acquired in April 2007. For the year ended 30 June 2009 the amount of fee the responsible entity had waived was $178,154 (2008: $113,490);

e) 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) the Trust reimbursed Bunnings Group Limited $2.8 million for the completion of an upgrade to the Trust's Mile End Bunnings Warehouse;

18. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with related parties (continued)

g) the Trust acquired an existing Bunnings Warehouse at Mt Gravatt, Queensland from Bunnings Properties Pty Limited for $11.2 million;

h) the Trust reimbursed Bunnings Group Limited $1.2 million for the completion of an upgrade to the Trust's Cannon Hill Bunnings Warehouse and Distribution Centre;

i) the Trust has agreed to reimburse Bunnings Group Limited $3.4 million for the completion of an upgrade to the Trust's Noarlunga Bunnings Warehouse;

j) the Trust reimbursed Bunnings Group Limited for minor capital works incurred to the Trust's properties for which the Trust had a contractual obligation to incur; and

k) the Trust paid $76,276.05 (2008: $45,034.85) to Wesfarmers Risk Management Limited, a subsidiary of Wesfarmers Limited, for insurance premiums on a number of the Trust's properties.

(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 $116,893 (2008: $20,123).

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

95.0 per cent (2008: 95.4 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 2009 was authorised for issue in accordance with a resolution of the directors on 13 August 2009.