Annual Report 2012

bwp TRUST

Contents

www.bwptrust.com.au

Cover image: Bunnings Warehouse, Harrisdale, WA

BWP Trust
ARSN 088 581 097

Responsible Entity
BWP Management Limited
ABN 26 082 856 424

Australian Financial Services Licence
No. 247830

Core purpose

BWP Trust aims to provide a premium commercial real estate investment product, delivering unitholders a secure and growing income stream and long-term capital growth

Bunnings Warehouse & Bulky Goods Showrooms, Browns Plains, QLD


WE WILL INSTALL
Trading Hours
HARDWARE CAFE
KIDS PLAYGROUND
LOWEST PRICES
jumbuck

Our investment approach

The Trust's investments comprise commercial real estate - predominantly warehouse retailing properties and, in particular, Bunnings Warehouse properties. Investments are made on behalf of the Trust by the responsible entity, according to the following strategies and investment criteria:

Bunnings Warehouse, Frankston, VIC

Strategies

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

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

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

Investment criteria

> Ample land area (average 3 hectares)

> Visible and accessible from a major road, highway or freeway

> Ready vehicle access and ample on-site parking

> Significant catchment area

> Offers geographic diversity

> Long-term lease (or re-leasing potential)

> Financially substantial tenant in an economically, socially and environmentally sustainable business

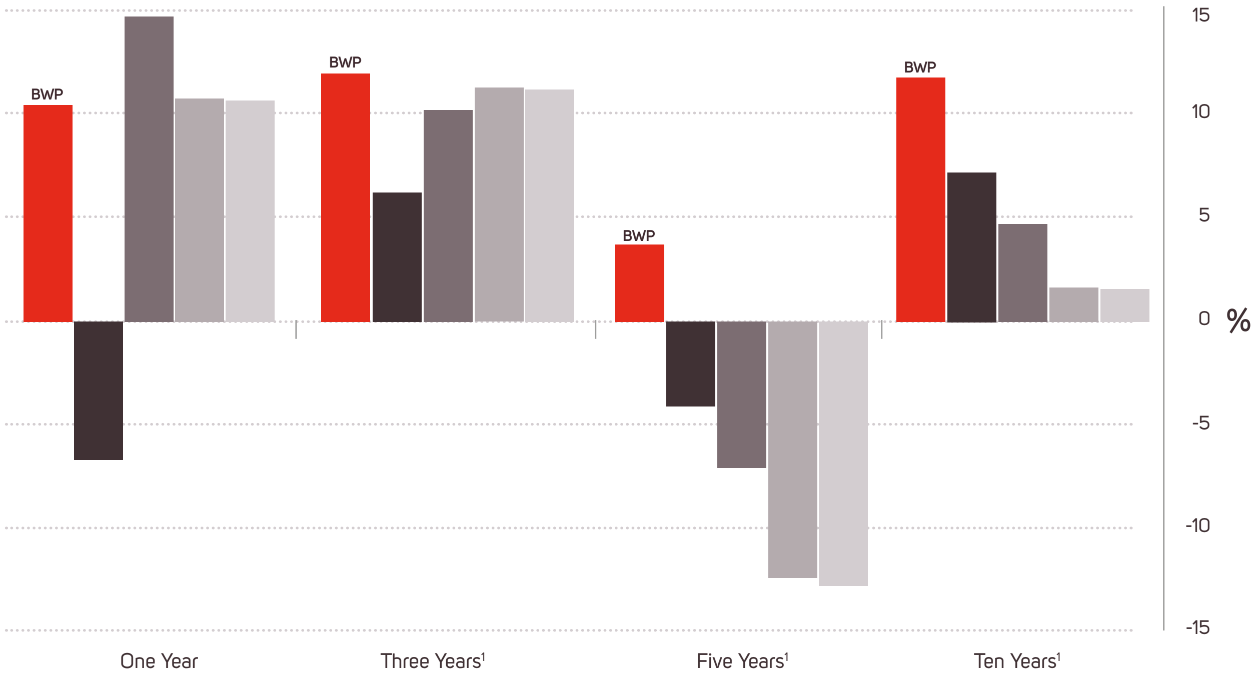
> Includes sustainability measures or prospects

Highlights

Distributable profit of $76.7 million for the year, including a $6.2 million distribution of capital profits from the sale of an investment property, up 35.7 per cent on the previous year

- Income of $102.1 million for the year – up 19.7 per cent on the previous year
- Full-year distribution per unit of 14.67 cents (including 1.17 cents capital profit from the sale of an investment property) – up 22.5 per cent on the previous year. (13.50 cents per unit excluding capital profit – up 13.5 per cent on the previous year)
- Market rent reviews on six properties completed during the year - average 6.7 per cent increase in annual rent
- Three Bunnings Warehouse properties acquired, two Bunnings Warehouses developed on existing Trust-owned land and an upgrade of one of the existing Bunnings Warehouses completed
- Net Tangible Assets of $1.85 per unit at 30 June 2012 (2011: $1.90 per unit)
- Weighted Average Lease Expiry of 7.7 years at 30 June 2012 (2011: 8.6 years)
- Gearing (debt/total assets) 21.6 per cent at 30 June 2012 (2011: 17.0 per cent)

BWP total returns compared to market
Periods ended 30 June



Total returns include distributions and movement in price (assumes distributions are reinvested). Source: UBS
[1]annual compound returns

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

Letter from the Chairman

In our view, it is longer-term outperformance that measures our achievement of the Trust's core purpose of providing unitholders with a secure and growing income stream and long-term capital growth

Dear unitholder

On behalf of the board of directors of BWP Management Limited, the responsible entity for BWP Trust, it is my pleasure to present the Trust's 2012 annual report.

In a year that most will describe as being "challenging", we are pleased to demonstrate in this report BWP's ability to continue to provide unitholders with a secure and growing income stream and long-term capital growth. The Trust's resilient unit price (shown in the chart on the following page) and growth in distributions per unit are underpinned by the quality of BWP's properties, the remarkable performance and strength of the Trust's main tenant, Bunnings, and careful management of the Trust's capital.

We continued to build on the Trust's quality portfolio of Bunnings Warehouses during the year - adding five Bunnings Warehouse stores through acquisitions and developments (two of which have adjoining bulky goods showrooms) and completing the upgrade of one of the Trust's existing Bunnings Warehouses.

During the year we also sold a Bunnings Warehouse that was developed as one of the Trust's early properties. In our view this property had achieved optimal value and its sale represented an opportunity to realise the capital growth for distribution to unitholders and to reinvest the balance of the proceeds back into the portfolio. As the portfolio matures and increases in size, a more active approach to asset management is appropriate and we will continue to look at suitable properties worth acquiring as well as properties worth selling.

Total returns for the year (distributions and movement in unit price) of 10.3 per cent were slightly below the benchmark S&P/ASX 200 A-REIT accumulation index return of 11.0 per cent. Over the longer term, however, the Trust continues to outperform the market, as the chart on the previous page shows. In our view, it is this longer-term outperformance that measures our achievement of the Trust's core purpose of providing unitholders with a secure and growing income stream and long-term capital growth.

It is a longer-term view that also motivates our efforts in improving our approach to sustainability. While we consider that the sustainability impacts and risks associated with the Trust are relatively modest we recognise the increasing imperative of understanding, acting on and reporting on sustainability issues. During the year we received recognition for our climate change disclosure by being included in the 2011 Carbon Disclosure Leadership Index for Australia and New Zealand, as part of the global Carbon Disclosure Project initiative. The separate sustainability section in this annual report provides more detail about this and our other endeavours.

Looking forward, we expect difficult economic and political conditions globally will continue to create volatility and uncertainty that will constrain growth both overseas and to a lesser extent in Australia. BWP remains well placed to benefit from a lower interest rate environment, which provides a lower cost base and improves the affordability of improving existing properties and selective acquisitions.

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

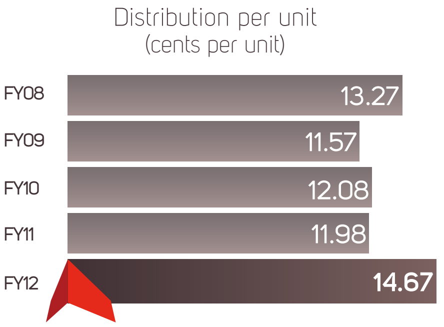
J A Austin
Chairman
BWP Management Limited

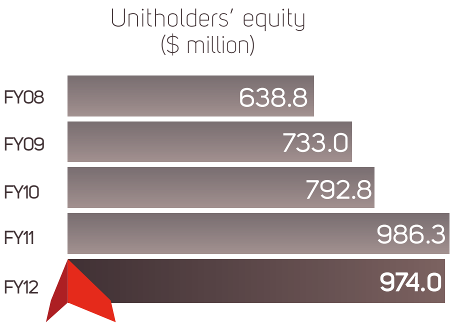
Financial summary

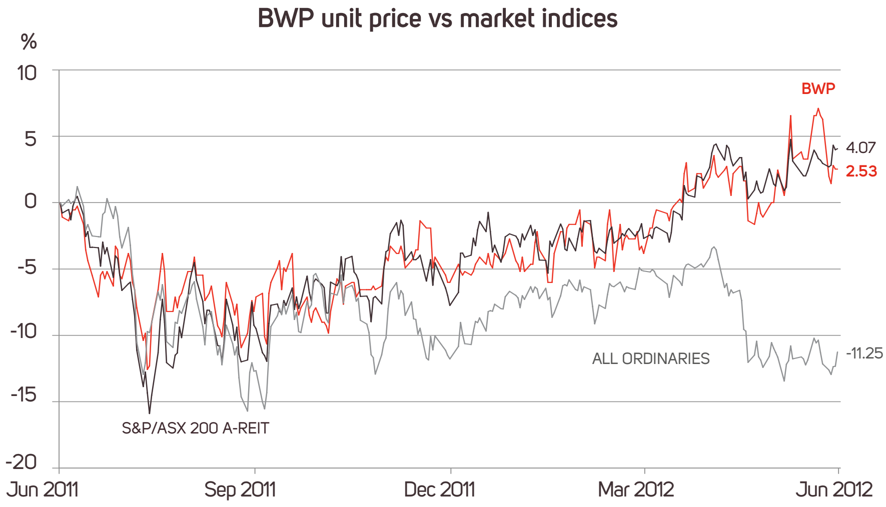
Financial performance

Year ended 30 June			2012	2011	2010	2009	2008
Total income		$m	**102.1**	85.3	78.5	73.2	65.9
Net profit/(loss)		$m	**69.9**	81.5	92.2	(11.7)	0.7
Unrealised loss/(gain) in fair value of investment properties		$m	**0.6**	(25.3)	(41.8)	52.1	39.3
Net realised profit on sale of investment property[1]		$m	**6.2**	0.4	-	-	-
Distributable profit		$m	**76.7**	56.6	50.4	40.5[2]	40.0
Distribution per ordinary unit	interim	cents	**6.63**	6.18	6.10	6.70	6.55
	final	cents	**8.04**	5.80	5.98	4.87	6.72
	total	cents	**14.67**	11.98	12.08	11.57	13.27
Tax advantaged component		%	**19.36**	22.60	23.93	28.07	23.55
Total assets		$m	**1,335.2**	1,242.1	1,026.4	999.9	979.9
Borrowings		$m	**288.9**	210.8	193.5	225.9	308.5
Unitholders' equity		$m	**974.0**	986.3	792.8	733.0	638.8
Gearing (debt to total assets)		%	**21.6**	17.0	18.8	22.6	31.5
Number of units on issue		m	**525**	520	421	410	301
Number of unitholders			**14,924**	13,958	12,507	12,583	12,471
Net tangible asset backing per unit		$	**1.85**	1.90	1.88	1.79	2.12
Unit price at 30 June		$	**1.87**	1.83	1.86[3]	1.61[3]	1.63[3]
Management expense ratio[4] (annualised)		%	**0.58**	0.67	0.66	0.67	0.65

[1] net sale proceeds less original purchase price and capital expenditure since acquisition
[2] adjusted for rounding
[3] prior years adjusted to reflect effect of $150 million capital raising in March 2011 (Source: Reuters)
[4] expenses other than property outgoings and borrowing costs as a percentage of average total assets







Source: Reuters

Acquisitions, improvements to an existing investment property and rent reviews have contributed to a 19.7 per cent growth in revenue.

The growth in revenue, combined with a 13.4 per cent reduction in the average rate of net borrowings and the distribution of 1.17 cents per unit of the capital profit from the sale of an investment property increased the distributions per unit to 14.67 cents, 22.5 per cent higher than last year

Financial results

Total income for the full-year to 30 June 2012 was $102.1 million, up by 19.7 per cent from last year. The increase in income was mainly due to growth of the property portfolio during or since last year - from acquisitions and improvements to investment properties (adding approximately $14.2 million) and rent reviews and other property income (adding approximately $3.4 million during the year). On a like-for-like basis, excluding rental income from properties acquired or upgraded during or since last year, rental income increased by approximately 3.7 per cent from last year.

Finance costs of $20.5 million were 7.5 per cent higher than last year, with average borrowings 29.1 per cent higher at $250.6 million compared with $194.2 million for 2011. Interest payments on borrowings totalled $13.5 million, including payments made under interest rate swap arrangements. This is 12.9 per cent higher than last year due to the higher average level of borrowings, which was partially offset by lower interest rates and lower average fixed rates of interest on interest rate swaps. Bank fees and margins were approximately 1.7 per cent lower as a result of restructuring existing bank debt facilities (refer to the Capital management section on page 8). The average rate of net borrowings (finance costs less finance income/average borrowings) was 7.99 per cent, compared with 9.23 per cent for the previous year.

Distributable profit for the year was $76.7 million, an increase of 35.7 per cent on the distributable profit last year. Distributable profit for the year ended 30 June 2012 excludes the unrealised net loss of $0.6 million on the revaluations of the fair value of the portfolio at 30 June 2012, but includes a capital distribution of $6.2 million on the sale of one of the Trust's properties (see revaluations section in Our property portfolio).

The management expense ratio for the year ended 30 June 2012 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.58 per cent (2011: 0.67 per cent). The reduction in the ratio was due to the waiver of management fees on a portfolio of properties acquired from Bunnings Group Limited ("Bunnings"), most of which settled during the year or late the previous year. The management expense ratio is expected to increase in the year ending 30 June 2013 as the waiver of management fees on the portfolio acquired from Bunnings is reduced from 100 to 50 per cent.

At 30 June 2012 the Trust's total assets were $1,335.2 million (2011: $1,242.1 million) with unitholders' equity of $974.0 million and total liabilities of $361.2 million. Investment properties made up the majority of total assets, comprising $1,306.6 million (2011: $1,225.9 million). Details of investment properties are contained in the Our property portfolio section at pages 10 to 14.

The underlying net tangible asset backing of the Trust's units ("NTA") at 30 June 2012 was $1.85 per unit, a decrease of 1.1 per cent from $1.87 per unit at 31 December 2011 (30 June 2011: $1.90 per unit). The decrease in NTA over the six months to 30 June 2012 is due to the reduction in net assets following the distribution of $6.2 million of capital profit on the sale of an investment property and the increase in interest rate swap liabilities during the period.

The Trust's gearing ratio (debt to total assets) at 30 June 2012 was 21.6 per cent (2011: 17.0 per cent), which is at the lower end of the board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 22.8 per cent (2011: 17.1 per cent). The interest cover ratio (earnings before interest and tax/interest expense) was 4.5 times (2011: 4.1 times).

Distribution to unitholders

The Trust pays out 100 per cent of distributable profit each period, in accordance with the requirements of the Trust's constitution. A final distribution of 8.04 cents per ordinary unit (including a distribution of capital profits of 1.17 cents per unit on the sale of an investment property) has been declared and will be made on 29 August 2012 to unitholders on the Trust's register at 5:00 pm on 29 June 2012.

The final distribution takes the total distribution for the year to 14.67 cents per unit (2011: 11.98 cents per unit). The tax

Manager's report (continued)

advantaged component of the distribution is 19.36 per cent, which is lower than in the past due to the capital gain on the sale of an investment property during the year.

Units issued under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at $1.8868 per unit, representing the volume weighted average price of the Trust's units for the 10 trading days following the record date, with no discount applied.

Capital management

During the year, the Trust extended the duration of $230 million of the Trust's existing $330 million bilateral bank facilities to five-year terms, expiring late 2016 and early 2017 and secured an additional $100 million, also for a five-year term. The refinancing has provided the Trust with greater certainty and access to funding for existing and future requirements. As at 30 June 2012, the weighted average duration of the Trust's debt facilities was 3.8 years (2011: 2.4 years) to expiry. Average utilisation of debt facilities (average borrowings/average facility limits) for the year was 66.7 per cent (2011: 58.8 per cent).

Details of the Trust's current debt facilities are provided below.

Bank facilities as at 30 June 2012	Limit $m	Amount drawn[1] $m	Expiry date
Australia and New Zealand Banking Group Limited	150.0	88.0	23 January 2017
Commonwealth Bank of Australia	100.0	73.3	14 January 2014
Westpac Banking Corporation	180.0	128.5	22 December 2016
	430.0	289.8	

[1] amount drawn includes accrued interest and borrowing costs of $0.9 million as at 30 June 2012

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2012. The Trust has continued to maintain an active DRP as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides a measured and efficient means of accessing additional equity capital from existing eligible unitholders.

In order to reduce the volatility of borrowing costs due to changes in market interest rates, the Trust takes out interest rate swaps (hedging) to fix the interest costs of the majority of borrowings over the medium to long-term. At 30 June 2012, the Trust's interest rate hedging cover was 65.6 per cent of borrowings, with $190.0 million interest rate swaps against interest bearing debt of $289.8 million. The weighted average term to maturity of hedging was 4.05 years, including delayed start swaps.

Due to the accounting requirement to mark the value of interest rate hedges to market, the Trust's hedging liabilities increased to approximately $16.0 million as at 30 June 2012 (2011: $1.3 million). The increase in hedging liability during the year was due to falls in interest rates over the past year. The hedging liability assesses the potential liability if all hedges were to be terminated at 30 June 2012, although this amount is not likely to be realised and the fair value of each interest rate swap (as a liability or asset) is expected to return to zero as it runs its full term.

During the year, management reviewed the Trust's hedging arrangements, including the opportunity to either: terminate the Trust's current swap arrangements and enter into new interest rate swaps at a lower fixed interest rate; or extend existing swaps by "blending" them with new swaps. Neither of these options is considered to offer a material benefit to unitholders over time. However, management took advantage of lower forward interest rates by taking out four delayed-start swaps totalling $50 million to extend the duration of the existing hedging arrangements.

Operations

Further information regarding the operations of the Trust is included in the Outlook, Our property portfolio, and Sustainability sections on pages 9 to 17.

Grant Gernhoefer
General Manager
BWP Management Limited

Outlook

Two main themes for the Trust's operations will continue in the short-term: capital management to improve the efficiency, security and flexibility of funding; and asset management to continue to drive growth and value from existing properties and add quality new properties to the portfolio selectively

Bunnings Warehouse, Midland, WA

Recent refinancing of existing bank debt facilities has secured longer-dated and increased limits of debt funding, providing a secure funding platform from which to finance existing operations and growth opportunities. The renewed bank facilities also provide flexibility in the timing and ability to access alternative sources of debt capital to diversify and increase the duration of the Trust's funding base.

The average rate of net borrowings has reduced as a result of increased utilisation of debt facilities and lower interest rates. The responsible entity will continue to manage debt limits to balance the need for financial flexibility by maintaining sufficient liquidity and cost efficiency by not holding excess funding capacity. Interest rate hedging levels are now within the Trust's target range of 50 to 75 per cent of borrowings and management will aim to maintain hedging within this range, while taking advantage of lower longer-term swap rates to provide additional duration and improve the overall fixed rate of borrowings over time.

Property income is expected to increase for 2012/13 as a result of a full year of rental income received from recent additions to the property portfolio. Recent additions include the Bunnings Warehouses with adjoining bulky goods/retail showrooms at Browns Plains and Dubbo, new Bunnings Warehouses developed at Greenacre and Harrisdale, and completion of the upgrade to the Bunnings Warehouse at Scoresby. Additional rental growth is expected from 13 market rent reviews likely to be finalised during the year and annual CPI or fixed reviews on the balance of the portfolio.

The continued expansion by Bunnings of its store network and ongoing investment in its existing stores may generate further upgrades of some of the Trust's existing properties and possibly opportunities for the Trust to acquire additional quality Bunnings Warehouses. Also as the portfolio matures, the responsible entity will continue to assess potential divestments, such as the Hoppers Crossing Bunnings Warehouse sold during the year. While no divestments are imminent, consideration will be given to divesting properties that have reached optimum value and selling provides an opportunity to recycle capital to be reinvested in the portfolio and potentially realise capital profit for distribution to unitholders.

Our property portfolio

The Trust comprises predominantly warehouse retailing properties, particularly Bunnings Warehouse properties tenanted by Bunnings, a wholly owned subsidiary of Wesfarmers Limited ("Wesfarmers"). As at 30 June 2012 the Trust owned 72 investment properties, all within Australia, with a total value of $1,306.6 million and a weighted average lease expiry of 7.7 years (compared with 8.6 years at 30 June 2011)

Property acquisitions/divestments

Acquisition of two properties from Bunnings

In March 2011, unitholders approved a proposal to acquire from Bunnings a portfolio of ten operational Bunnings Warehouses, for lease back to Bunnings, and three properties on which Bunnings will develop Bunnings Warehouses. As at 30 June 2011, the Trust had settled 10 of the 13 properties.

The settlement of two further properties was completed during the year ended 30 June 2012. A property at Dubbo, New South Wales, comprising a Bunnings Warehouse and two other retail tenancies, settled on 5 August 2011, with total costs of $16.8 million including acquisition costs. On 7 May 2012, a Bunnings Warehouse at Craigieburn in Melbourne's north settled, with total costs of $19.5 million including acquisition costs. The commencing annual rentals received by the Trust from the properties are $1.3 million for Dubbo and $1.4 million for Craigieburn. Rents for the Bunnings Warehouses at both properties will escalate by three per cent per annum for the initial ten-year term and will then be subject to a market rent review.

The settlement of the last of the 13 properties in the portfolio, a development site at Wallsend, New South Wales, on which a Bunnings Warehouse is to be developed, has been delayed due to negotiations between Bunnings and the vendor and development approvals taking longer than anticipated. Originally expected to be finalised by June 2012, settlement of the development site is now anticipated to occur prior to 31 December 2012, following the issue of a new certificate of title.

Bunnings Warehouse and bulky goods showrooms, Browns Plains, Queensland

In April 2012, the Trust purchased an established Bunnings Warehouse and three bulky goods showrooms in the Brisbane suburb of Browns Plains, Queensland. The property was acquired from an institutional owner for $25.4 million (including acquisition costs). The 4.7 hectare property is situated on the corner of Browns Plains Road and Commerce Drive in Browns Plains, approximately 25 kilometres south of the Brisbane central business district.

The property comprises a total lettable area of 18,704 square metres with approximately 533 car parking spaces. The annual rental of the property at the date of acquisition was $2.6 million.

Bunnings Warehouse, Hoppers Crossing, Victoria

In June 2012, the Trust sold the Bunnings Warehouse at Hoppers Crossing, Victoria. The sale price of $14.6 million realised a capital profit of $6.2 million, resulting in a distribution to unitholders of 1.17 cents per unit, to be paid as part of the final distribution for the year ended 30 June 2012. The annual rental of the property at the date of transfer to the new owner was $1.2 million.

Portfolio at a glance	2012	2011	2010	2009	2008
Bunnings Warehouses	**62**	60	52	52	50
Bunnings Warehouse with other showrooms	**4**	2	1	1	1
Bunnings Warehouse development sites	**1**	3	1	1	2
Bunnings Distribution Centre	**1**	1	1	1	2
Bulky goods showrooms	**1**	1	1	1	1
Industrial properties	**3**	3	4	4	4
Total BWP portfolio	**72**	70	60	60	60
Annual capital expenditure	**$95.7m**	$207.9m	$2.7m	$45.4m	$51.4m

Developments and upgrades

Completion of development of Bunnings Warehouse, Greenacre, New South Wales

In April 2012, construction of the Trust's Bunnings Warehouse at Greenacre, New South Wales, was completed at a cost to the Trust of $16.8 million. The Trust purchased the Greenacre development site for $14.1 million (including acquisition costs) as part of the portfolio acquired from Bunnings in February 2011. The commencing annual rental received by the Trust is approximately $2.2 million, which will escalate annually by three per cent for the initial ten-year term and will then be subject to a market rent review.

Completion of development of Bunnings Warehouse, Harrisdale, Western Australia

In October 2011, construction of the Trust's Bunnings Warehouse at Harrisdale, Western Australia, was completed at a cost to the Trust of $8.6 million. The Trust purchased the Harrisdale development site for $10.6 million (including acquisition costs) as part of the portfolio acquired from Bunnings in February 2011. The commencing annual rental received by the Trust is approximately $1.4 million, which will escalate annually by three per cent for the initial ten-year term and will then be subject to a market review.

Completion of upgrade of Bunnings Warehouse, Scoresby, Victoria

In June 2012, a $5.8 million upgrade of the Trust's Scoresby Bunnings Warehouse was completed by Bunnings for the Trust. The upgrade extended the fully-enclosed covered area by 3,477 square metres. The annual rental increased by approximately $492,000 to $1,763,000 per annum.

Following completion of the upgrade, the parties entered into a new ten-year lease of the Bunnings Warehouse with two five-year options, exercisable by the tenant. The rent will be reviewed to market every five years and by the Consumer Price Index ("CPI") every other year. The rent at each market rent review is to be no less than the rent in the preceding year. All other terms and conditions of the existing lease will remain the same.

Commitment to upgrade Bunnings Warehouse, Fyshwick, Australian Capital Territory

In the year ending 30 June 2011, the Trust committed to upgrade its Bunnings Warehouse at Fyshwick, Australian Capital Territory, at an estimated cost of $15.0 million. The upgrade, utilising the 1.0 hectare site adjoining the Bunnings Warehouse acquired by the Trust in December 2005, increased the fully-enclosed covered area by 4,642 square metres and was expected to be completed in the latter half of the 2012 calendar year.

The upgrade was conditional on receiving an acceptable development approval, which has not been satisfied. Discussions relating to the upgrade are ongoing and Bunnings has exercised its five-year option to continue on at the existing Bunnings Warehouse.

Other improvements

During the year, the Trust incurred a cost of $2.4 million for roof access and safety improvements to a number of properties. The works generally comprised improving internal access to the rooves with better stairways, roof hatches and landings and installing or improving walkways to areas on the roof requiring regular or periodic access. These works are to improve safety and working conditions, and reduce damage to the roof. The Trust will receive no additional income from these improvements.

Approximately $0.4 million was spent on various other non-income producing improvements to the portfolio during the year.

Rent reviews

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

During the year, 67 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 3.4 per cent in the annual rent for these properties.

Market rent reviews were completed on six properties during the year. Market rent reviews for two of the Trust's Bunnings Warehouses due during the year (Geraldton, Western Australia and Oakleigh South, Victoria) have been referred to determination by independent valuers and were not completed by 30 June 2012.

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

Market rent reviews results summary

Property location	Tenant	Passing rent ($ pa)	Market review[1] ($ pa)	Uplift (%)	Effective date
Midland, WA	Bunnings	1,377,469	1,510,000	+9.6	5 Sep 11
Mindarie, WA	Bunnings	1,332,855	1,510,000	+13.3	5 Sep 11
Croydon, VIC	Bunnings	1,561,504	1,725,000	+10.5	31 Oct 11
Coffs Harbour, NSW	Bunnings	819,789	827,500	+0.9	26 Nov 11
Frankston, VIC	Bunnings	1,888,419	1,888,419	-	20 Dec 11
Blackburn, VIC[2]	Sleepmaster	800,000	842,500	+5.3	1 Apr 12
Weighted Average				**+6.7**	

[1] Midland, Mindarie and Croydon were determined by independent valuers; Coffs Harbour, Frankston and Blackburn were negotiated between the Trust and the tenant

[2] multi-tenanted industrial property

Our property portfolio (continued)

Bunnings Warehouse, Scoresby, VIC

Revaluations

The entire Trust portfolio was revalued at 31 December 2011 and again at 30 June 2012, including 25 property revaluations performed by independent valuers (15 at 31 December 2011 and 10 at 30 June 2012). Properties not independently revalued at each balance date are subject to internal valuations, with an independent valuer reviewing the methodology adopted.

The value of the portfolio increased by $80.7 million to $1,306.6 million during the year following: capital expenditure of $95.7 million; the sale of the Bunnings Warehouse at Hoppers Crossing, Victoria for net sale proceeds of $14.4 million; and a net revaluation loss of $0.6 million during the year.

The net revaluation loss was predominantly due to an increase in capitalisation rates on the majority of properties and the write-off of acquisition costs from all property acquisitions during the year, which in combination offset the effects of rental growth from annual and market rent reviews. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2012 was 7.91 per cent (December 2011: 7.81 per cent and June 2011: 7.65 per cent). Details of the revaluations are disclosed in Note 10 of the notes to the financial statements.

Capital expenditure during 2011/12

	$m
Acquisitions[1]	
Browns Plains	25.4
Craigieburn	19.5
Dubbo	16.8
	61.7
Developments	
Greenacre Bunnings Warehouse	16.8
Harrisdale Bunnings Warehouse	8.6
Scoresby Bunnings Warehouse upgrade	5.8
	31.2
Other expenditure	
Roof access and safety	2.4
Other non-income producing	0.4
	2.8
Subtotal	**95.7**
Divestments[2]	
Hoppers Crossing Bunnings Warehouse	(14.4)
Total	**81.3**

[1] Total outlay comprising purchase price and acquisition costs
[2] Net proceeds after selling costs, adjusted for rounding

Our property portfolio (continued)

Portfolio rental summary

As at 30 June 2012	Land area ha	Gross lettable area[1] sq m	Annual rental[2] $000
Western Australia			
Albany	2.0	13,660	795
Balcatta	4.3	25,439	1,820
Belmont	2.2	10,381	1,288
Bibra Lake	3.2	13,977	1,590
Cockburn	2.6	12,839	1,442
Geraldton	3.3	17,809	924
Geraldton Showrooms	1.2	1,511	224
Harrisdale	3.7	14,777	1,380
Joondalup	2.5	13,358	1,300
Mandurah	2.5	12,097	1,344
Midland	2.4	13,694	1,510
Mindarie	3.1	14,479	1,510
Morley	1.8	9,852	1,199
Port Kennedy	2.8	11,675	1,354
Rockingham	3.3	17,179	1,524
Total	**40.9**	**202,727**	**19,204**
Victoria			
Altona[3]	3.4	9,254	1,077
Bayswater	4.9	17,677	2,046
Blackburn (Industrial)	4.1	20,361	1,706
Broadmeadows	1.8	12,765	1,684
Caroline Springs	3.0	14,212	1,494
Craigieburn	4.6	16,764	1,400
Croydon	3.8	13,292	1,725
Dandenong	3.1	12,313	1,347
Epping	3.1	12,027	1,156
Fountain Gate	3.2	12,624	1,410
Frankston	3.7	13,843	1,888
Hawthorn	0.8	7,462	2,966
Maribyrnong[4]	3.4	-	-
Mentone	2.5	11,814	1,484
Mornington	4.0	13,324	1,543
Northland	3.3	12,027	1,682
Nunawading[5]	3.4	14,766	2,197
Oakleigh South	4.4	16,949	1,807
Pakenham	3.5	14,867	1,673
Port Melbourne	3.0	13,846	1,753
Sandown	3.1	12,180	1,094
Scoresby	3.4	12,515	1,763
Sunshine	2.0	9,958	980
Vermont South	4.8	16,634	2,028
Total	**80.3**	**311,474**	**37,904**

Note: Totals and Grand Total adjusted for rounding

[1] for Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse

[2] annual rental figures do not include access fees detailed below

[3] includes additional land (1.0 hectare) for which Bunnings pays the Trust an access fee of $221,636 per annum

[4] development site for which Bunnings pays the Trust an access fee of $602,482 per annum

[5] includes adjoining properties (0.1 hectares) for which Bunnings pays the Trust an access fee of $126,935 per annum

[6] includes adjoining property (1.0 hectare) for which Bunnings pays the Trust an access fee of $301,020 per annum

[7] includes adjoining property (0.5 hectares) for which Bunnings pays the Trust an access fee of $340,551 per annum

As at 30 June 2012	Land area ha	Gross lettable area[1] sq m	Annual rental[2] $000
Australian Capital Territory			
Fyshwick[6]	2.8	6,648	1,147
Tuggeranong	2.8	11,857	1,498
Total	**5.6**	**18,505**	**2,645**
South Australia			
Mile End	3.3	14,786	2,188
Noarlunga	2.6	15,054	1,389
Regency Park (Blackwoods)	1.1	4,682	427
Total	**7.0**	**34,522**	**4,004**
New South Wales			
Artarmon	0.7	5,746	1,579
Belmont North	4.0	12,640	892
Belrose	2.5	8,888	1,995
Blacktown (Blackwoods)	1.3	8,346	808
Coffs Harbour	2.5	8,657	828
Dubbo	4.5	16,344	1,324
Greenacre	2.2	13,528	2,215
Lismore	2.1	10,076	908
Maitland	3.7	12,797	1,239
Minchinbury[7]	3.6	12,048	1,643
Port Macquarie	2.0	8,801	867
Thornleigh	1.2	5,301	1,271
Villawood	2.6	10,886	1,500
Wagga Wagga	3.6	13,774	1,236
Wollongong	2.7	10,811	1,360
Total	**39.2**	**158,643**	**19,664**
Queensland			
Browns Plains	4.7	18,704	2,629
Burleigh Heads	3.3	12,428	1,519
Cairns	2.4	12,917	1,265
Cannon Hill	3.6	16,470	2,055
Fairfield Waters	2.9	13,645	1,432
Hemmant (Distribution Centre)	3.5	21,523	2,205
Hervey Bay	3.0	11,824	1,131
Morayfield	3.2	12,507	1,645
Mount Gravatt	2.7	11,824	1,064
Rocklea	3.1	12,671	1,530
Smithfield	3.1	13,094	1,339
Southport	3.5	12,431	1,495
Underwood	2.9	12,245	1,405
Total	**41.9**	**182,283**	**20,714**
Grand Total	**214.9**	**908,153**	**104,135**

Number of properties

Western Australia	15
Victoria	24
Australian Capital Territory	2
South Australia	3
New South Wales	15
Queensland	13
Total	**72**

Sustainability

During the year our focus on sustainability continued to be primarily directed towards addressing climate change. As well as continuing to improve our data collection, measurement and reporting, we have also undertaken a number of practical measures to improve our sustainability

Our commitment

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

Our Sustainability Principles

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

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

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

Key impacts

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

The main sources of environmental impact over which we have operational control relate to indirect greenhouse gas emissions from: the purchase of electricity for lighting to common areas of some investment properties; business travel; and upstream manufacture of capital goods that are procured directly for the Trust. The estimated emissions from these sources (based on a measure of carbon dioxide equivalent ("CO_2-e") are summarised in the table on the following page.

Further details of the emissions by source are provided in the Sustainability section of the Trust's web site at www.bwptrust.com.au under the About Us tab.

Key risks and opportunities

As part of our annual strategic planning process and risk review we consider a broad range of factors that may impact our operations and the long-term sustainability of our business. In addition to this more general assessment we have also undertaken detailed reviews of climate change related risks and opportunities. No material risks or opportunities arising from ESG issues have been identified, having regard to the current scale, scope and nature of our operations.

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

Sustainability (continued)

Implementing our approach to ESG

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

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

Targets

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

The Trust was included in the 2011 Carbon Disclosure Leadership Index for Australia and New Zealand for its inaugural participation in the Carbon Disclosure Project last year

Disclosure

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

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

Estimated emissions by source

Source of emissions	Annual CO_2-e emissions (Tonnes)	Change from previous year
Scope 1 - Direct emissions	0	0%
Scope 2 - Indirect emissions from purchased electricity	171.74	-2.2%[1]
Scope 3 - Indirect emissions from:		
> business travel	70.17	-2.7%
> capital goods acquired (roof safety and access improvements to 22 properties)	159.45[2]	Not applicable
Total tonnes/*like-for-like weighted average change*	**401.36**	**-15.8%[3]**

[1] change is on a like-for-like basis, excluding properties acquired or upgraded during or since the previous year. Refer to property specific details provided for Scope 2 emissions in the Sustainability section of the Trust's website

[2] estimated CO_2-e emissions represent the total cradle-to-gate emissions of the capital goods acquired, in accordance with the Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

[3] change is on a like-for-like basis, excluding properties acquired during or since the previous year and scope 3 emissions for capital goods acquired, for which no comparable previous year data is applicable

Summary of performance and future priorities

<table>
<tr><th>Sustainability principle</th><th colspan="2">Performance during the year</th><th>Future priorities</th></tr>
<tr><td>1 ESG in investment analysis and decisions</td><td>All five investment proposals put to the board during the year expressly considered ESG issues</td><td rowspan="3">Roof access and safety improvements completed for 22 properties, improving the safety and amenity of people having to access the roof areas and helping to maintain the longer-term condition of the properties. The choice of component material and packaging and handling requirements were based on reducing embodied carbon, energy use and waste. Using fibre glass for walkways is estimated to have produced less than a ¼ of the embodied carbon required for aluminium, saving an estimated 518 tonnes CO_2-e to the point of installation</td><td>Continue to refine and expand ESG assessment criteria for investment analysis and decision making</td></tr>
<tr><td>2 ESG in asset ownership and resource use</td><td>Commenced a site metering project for the multi-tenanted Pakenham property to allow water and electricity consumption for common areas and individual tenancies to be more accurately measured and monitored

A further ten air conditioning units replaced to phase out ozone depleting models

New standard lease for multi-tenanted premises improves the commercial viability of installing renewable energy systems</td><td>Roll out site metering systems to remaining multi-tenanted properties to allow more accurate measurement and monitoring of electricity and water usage for common areas and tenancies

Continue programme for phasing out ozone depleting air conditioning

Review and update health and safety policy to take account of the nationalisation of OHS legislation and the Trust's increased number of multi-tenanted properties</td></tr>
<tr><td>3 Tenant and supplier engagement</td><td>Continued dialogue with Bunnings regarding its sustainability initiatives and the Trust has provided consent for installation of rain water harvesting systems, taking the total to 60 of the Trust's 66 Bunnings Warehouses</td><td>Continue to engage with tenants for a co-operative approach to sustainability initiatives</td></tr>
<tr><td>4 ESG reporting</td><td colspan="2">BWP included in the 2011 Carbon Disclosure Leadership Index for Australia and New Zealand for last year's inaugural participation in Carbon Disclosure Project

Responded to the 2012 Carbon Disclosure Project

Adopted the Global Reporting Initiative framework as the basis for more comprehensive and comparable disclosure</td><td>Broaden scope of ESG disclosure to other relevant and material topics</td></tr>
<tr><td>5 Build knowledge and understanding</td><td colspan="2">Identified appropriate basis for measuring carbon intensity to enable comparison of performance having regard to changes in the size of our business

Continued with training of management team in property related sustainability topics</td><td>Team member attendance at green building conference and other sustainability courses

Improve understanding of stakeholder requirements for sustainability disclosure

Investigation of alternative, lower emission electricity sources for piloting at a multi-tenanted property</td></tr>
</table>

Directors and senior management

John A Austin

Assoc Dip Val, FAPI (Val&Econ), Age: 66

Chairman, Non-executive external director

Member of the Audit and Risk Committee

Chairman of the Remuneration and Nomination Committee

Joined the board in 2004 and was appointed Chairman in December 2007. John has been actively involved in professional property investment markets for over 41 years, during which he has been a proprietor of Jones Lang Wootton and an advisor in institutional property markets. He was the Managing Director of GRW Property Ltd, the sponsor and manager of the National Industrial Property Trust that listed in 1993 and was on a number of industry boards and committees. Currently he is Executive Chairman of Ringmer Pacific Pty Ltd, a private property investment company. He was a non-executive director of the MREEF series of unlisted private property funds, managed by Macquarie Bank until his resignation in February 2012, and Chairman of Leighton Properties Pty Ltd until his resignation in July 2012.

Bryce J H Denison

FCA, FCPA, Age: 64

Non-executive external director

Chairman of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

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

Rick D Higgins

FAPI, Age: 66

Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the board in December 2007. Rick is a property professional with over 41 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. Rick provides ongoing consulting services to Colliers' Retail Client Development Team. He is also a non-executive director of Charter Hall Direct Property Management Limited, a subsidiary of Charter Hall Group, and the responsible entity for a number of unlisted retail funds that invest in office, industrial and retail properties.

Peter J Johnston

FCIS, FCPA, Age: 69

Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

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

Peter J Mansell

BComm, LLB, HDip Tax, Age: 65

Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the board in 1998. Peter practised as a commercial lawyer for some 35 years until he retired as a partner 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 companies:

> Current listed company directorships include:

Ampella Mining Ltd
Bullabulling Gold Limited
Nystar NV (Belgium)

> Past Australian listed company directorships (held in last 3 years):

OZ Minerals Limited (June 2008 to April 2010)
ThinkSmart Ltd (April 2007 to May 2010)
Great Southern Limited (November 2005 to September 2009)

Grant W Gernhoefer

BComm, LLB, Age: 49

General Manager

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

Corporate governance

The responsible entity is committed to fostering a strong governance culture 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 22) 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 ASX Principles have been drafted primarily for listed companies, and not all of the recommendations are readily applicable for a registered managed investment scheme and its responsible entity. However, the responsible entity seeks to comply with the majority of the ASX Principles. Where it does not, it is largely in respect of obligations to disclose material or matters where the nature of regulation of listed trusts or of the Trust's business is such that the board of the responsible entity considers that there has been no detriment to the unitholders of the Trust from non-compliance. Areas of non-compliance and the reasons for non-compliance are noted in this statement.

Relationship between the responsible entity and Wesfarmers

The responsible entity is a wholly owned subsidiary of Wesfarmers. A majority of the property income of the Trust is received from wholly owned subsidiaries of Wesfarmers. The Trust has purchased property from Wesfarmers subsidiaries, and utilised a Wesfarmers subsidiary, Bunnings, as project manager on property developments. Wesfarmers is a substantial unitholder in the Trust, and details of Wesfarmers' unitholding can be found on page 63 of this report. Further information regarding the relationship and transactions with Wesfarmers is detailed in Note 19(d) in the notes to the financial statements. Details of transactions with Wesfarmers are also provided in announcements released to ASX and published on the Trust's website.

ASX Waiver

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

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

The waiver was last renewed on 16 September 2010 and applies for six years.

Roles of the board and management

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

The role of the board of the responsible entity is to ensure that the Trust is managed in a manner that protects and enhances the interests of its unitholders and takes into account the interests of 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 and other related parties are carried out at arm's length, including obtaining independent valuation support for property related transactions;

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

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

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

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

During the year the board held 11 meetings.

Board structure

The board is currently comprised of five non-executive directors including the Chairman. During the year the board completed a board succession plan and a competencies review. It was decided that at least one new non-executive director appointment be made during calendar year 2012. The board is satisfied that the composition of the board accords with the requirements in the Trust's compliance plan to maintain an appropriate range of backgrounds, skills and experience, but considers that it would benefit from increased diversity, for example with respect to gender or age of directors (refer Diversity policy section).

Details of directors in office at the date of this report, including their status as executive, non-executive or external directors are set out on pages 18 to 19 of this report.

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

Director independence

Directors of the responsible entity are expected to bring an independent view to the board's deliberations.

It is the responsible entity's policy that the board composition will comprise a majority of non executive directors who are considered to be independent. Under the regulations applicable to managed investment schemes, "independence" is determined according to the definition of "external directors" in section 601JA of the Corporations Act ("the Act").

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

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

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

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

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

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

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

All five directors of the responsible entity are external directors as defined by section 601JA of the Corporations Act.

Given the different circumstances and regime under which managed investment schemes operate, the definition against which director's independent status is assessed differs from that applied by the ASX Principles to directors of listed companies.

The board's assessment of the independence of each of the directors is included as part of the directors' details on pages 18 to 19 of this report.

The board is satisfied that all directors bring an independent judgement to bear on board decisions in relation to the affairs of the Trust and its unitholders.

Selection and appointment of directors

The responsible entity has recognised the importance of having a balanced board comprised of directors with an appropriate range of backgrounds, skills, experience and diversity. In considering potential candidates for appointment to the board, the board considers the following factors:

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

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

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

Independent professional advice

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

Corporate governance (continued)

Trading in units

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

The policy is published on the Trust's website at www.bwptrust.com.au.

Financial reporting

General Manager's declaration

In accordance with section 295A of the Corporations Act 2001, the Trust's financial report preparation and approval process for the financial year ended 30 June 2012, involved the General Manager of the responsible entity providing a written statement to the board that, to the best of his knowledge and belief:

> the Trust's financial report presents a true and fair view of the Trust's financial condition and operating results and is in accordance with applicable accounting standards; and

> the Trust's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.

Remuneration and Nomination committee

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

The committee consists of the entire board and is chaired by the Chairman of the board. During the year the committee held four meetings attended by all directors.

Audit and Risk Committee

The compliance plan entrenches processes for reporting and audit purposes.

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

The committee consists of the entire board and is chaired by an external director, who is not the chairman of the board. During the year the committee held two meetings attended by all directors.

Risk control and compliance

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

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

In particular, the compliance plan establishes processes for:

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

> complying with the ASX Listing Rules;

> protecting Trust property;

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

> ensuring the timely collection of Trust income;

> completing regular valuations of Trust property;

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

> ensuring proper and timely distributions to unitholders;

> complying with the Trust's investment objectives;

> managing investment risk;

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

> holding and maintaining adequate insurance cover;

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

> handling complaints relating to the Trust.

KPMG, the external auditor of the compliance plan, has completed its annual audit for the year ended 30 June 2012. 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 all 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 in the Financial reporting section) was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board of the responsible entity; and
- the Trust's risk management and internal compliance and control system was operating effectively in all material respects in relation to financial reporting risks.

Review of board and committee performance

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

A board performance evaluation was completed in November 2011. All directors participated in a questionnaire that was designed to identify opportunities for continual improvement.

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

Remuneration of directors and executives

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

For the financial year ended 30 June 2012, each director was entitled to a director's fee. Directors do not receive options or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Details of the remuneration policy for directors are disclosed in Note 19(b) to the financial statements.

Diversity policy

Commitment to diversity principles

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

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

Responsible entity's workforce

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

The responsible entity's staffing requirements are not expected to increase in the foreseeable future. Due to the small and stable nature of the responsible entity's workforce, it is not considered appropriate or useful to set gender specific, or other diversity specific, performance targets that relate specifically to the responsible entity and the Trust operations. Rather it is expected that the responsible entity will be a natural beneficiary of the success of the overall Wesfarmers Group diversity policy by way of greater access to a broader talent pool from which to obtain future staff and support services. To the extent that it can, the responsible entity is committed to working within the guiding principles and objectives set out in the Wesfarmers diversity policy.

Corporate governance (continued)

Responsible entity board

The responsible entity board is comprised of five external non-executive directors. These board members are appointed by the responsible entity's sole shareholder, a subsidiary of Wesfarmers Limited. At the time of this report, there were no women on the responsible entity board. However the board has recently adopted a board succession plan that will see the renewal of the responsible entity board over the next four to five years, with the first new appointment expected to be made during the 2012 calendar year. A professional intermediary has been appointed to assist the board to identify suitable candidates with an instruction that the shortlist should consider diversity principles and contain representatives from each gender. Subject to the support of the responsible entity's shareholder Wesfarmers Limited, the board has set itself the objective of having at least one female member by the end of calendar year 2012.

BWPM female participation rates as at 30 June 2012	%	No.
BWPM non-executive directors	0	0 of 5
Executive, professional and management roles	14	0.5 of 3.5 (FTE)
Total workforce	28	2.0 of 7.1 (FTE)

Conflicts management policy

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

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

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

Continuous disclosure and communications with unitholders

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

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

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

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

Ethics and conduct

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

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

Sustainability

The responsible entity is committed to acting responsibly and ethically and operating its business in a manner that is sustainable. Further information on the Trust's sustainability principles and practices are provided on pages 15 to 17.

Financial Statements

Statement of comprehensive income

For the year ended 30 June 2012

	Note	June 2012 $000	June 2011 $000
Rental income		**98,048**	81,875
Other property income		**3,609**	2,236
Finance income	3	**434**	1,162
Total revenue		**102,091**	85,273
Finance costs	3	**(20,518)**	(19,094)
Responsible entity's fees	4	**(6,367)**	(6,048)
Other operating expenses	5	**(4,640)**	(3,962)
Net profit before unrealised (losses)/gains in fair value of investment properties		**70,566**	56,169
Unrealised (losses)/gains in fair value of investment properties	10	**(635)**	25,328
Net profit attributable to unitholders of BWP Trust		**69,931**	81,497
Other comprehensive (loss)/ income			
Effective portion of changes in fair value of cash flow hedges:			
- Realised losses transferred to net profit	3	**2,091**	2,577
- Unrealised (losses)/gains on cash flow hedges	3	**(16,796)**	61
Total comprehensive income for the period attributable to the unitholders of BWP Trust		**55,226**	84,135
Basic and diluted earnings (cents per unit) resulting from net profit	7	**13.40**	17.97

The statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
As at 30 June 2012

	Note	June 2012 $000	June 2011 $000
ASSETS			
Current assets			
Cash	8	**24,732**	8,942
Receivables and prepayments	9	**3,871**	5,623
Total current assets		**28,603**	14,565
Non-current assets			
Other receivables	9	**-**	850
Investment properties	10	**1,306,563**	1,225,881
Derivative financial instruments		**-**	833
Total non-current assets		**1,306,563**	1,227,564
Total assets		**1,335,166**	1,242,129
LIABILITIES			
Current liabilities			
Payables and deferred income	11	**14,071**	12,664
Derivative financial instruments		**248**	378
Distribution payable	6	**42,231**	30,161
Total current liabilities		**56,550**	43,203
Non-current liabilities			
Interest-bearing loans and borrowings	12	**288,890**	210,844
Derivative financial instruments		**15,765**	1,763
Total non-current liabilities		**304,655**	212,607
Total liabilities		**361,205**	255,810
Net assets		**973,961**	986,319
Unitholders' equity			
Issued capital	13	**682,435**	673,311
Reserves	14	**(16,013)**	(1,308)
Undistributed income		**307,539**	314,316
Total unitholders' equity		**973,961**	986,319

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

Statement of cash flows
For the year ended 30 June 2012

	Note	June 2012 $000	June 2011 $000
Cash flows from operating activities			
Rent received		**113,673**	96,964
Payments to suppliers		**(16,028)**	(14,011)
Payments to the responsible entity		**(6,304)**	(5,887)
Finance income		**434**	1,162
Finance costs		**(20,650)**	(19,118)
Net cash flows from operating activities	15	**71,125**	59,110
Cash flows from investing activities			
Proceeds from the sale of an investment property		**14,341**	7,408
Payments for purchase of, and additions to, investment properties		**(93,058)**	(211,005)
Loans to related parties	19 (d)(ii)f)	**850**	-
Net cash flows used in investing activities		**(77,867)**	(203,597)
Cash flows from financing activities			
Proceeds of borrowings		**78,046**	17,370
Proceeds from issue of units via pro-rata entitlement offer		**-**	150,005
Expenses incurred in pro-rata entitlement offer		**-**	(3,647)
Distributions paid		**(55,514)**	(31,986)
Net cash flows from financing activities		**22,532**	131,742
Net increase/(decrease) in cash		**15,790**	(12,745)
Cash at the beginning of the financial year		**8,942**	21,687
Cash at the end of the financial year	8	**24,732**	8,942

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

Statement of changes in equity
For the year ended 30 June 2012

	Issued capital $000	Undistributed income $000	Hedge reserve $000	Total $000
Balance at 1 July 2010	507,372	289,371	(3,946)	792,797
Total comprehensive income for the year attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	81,497	-	81,497
Other comprehensive income: effective portion of changes in fair value of cashflow hedges	-	-	2,638	2,638
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(56,552)	-	(56,552)
Equity issued during the year:				
Pro-rata entitlement offer	150,005	-	-	150,005
Distribution Reinvestment Plan	19,581	-	-	19,581
Expenses incurred in pro-rata entitlement offer	(3,647)	-	-	(3,647)
Balance at 30 June 2011	**673,311**	**314,316**	**(1,308)**	**986,319**
Balance at 1 July 2011	673,311	314,316	(1,308)	986,319
Total comprehensive income for the year attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	69,931	-	69,931
Other comprehensive loss: effective portion of changes in fair value of cashflow hedges	-	-	(14,705)	(14,705)
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(76,708)	-	(76,708)
Equity issued during the year:				
Distribution Reinvestment Plan	9,124	-	-	9,124
Balance at 30 June 2012	**682,435**	**307,539**	**(16,013)**	**973,961**

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

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

(b) Statement of compliance

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

The Trust has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for financial reporting periods beginning on or before 1 July 2011. The adoption of these standards has given rise to additional disclosure but did not have a material effect on the financial statements of the Trust.

A number of new standards, amendments to standards and interpretations are available for early adoption but have not been applied in preparing these financial statements. The potential impact of the new standards, amendments to standards and interpretations has been considered and they are not expected to have a significant effect on the financial statements.

(c) Significant judgements and estimates

In applying the Trust's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations about future events that may have an impact on the Trust. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Investment properties – operating leases

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

The Trust has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases (see Notes 1(e), 1(n), and 10(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 10(a)).

Financial instruments - valuations

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments (see Note 1(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 statement of comprehensive income in the year in which they arise.

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

(f) Cash

Cash in the statement of financial position, and for the purposes of the statement of cash flows, comprises cash at bank and short-term deposits.

(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 interest-bearing are included as part of the carrying amount of loans and borrowings.

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

(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.

In circumstances where impairment losses are deemed, these are included in the statement of comprehensive income.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Distribution payable

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

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

Interest income

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

(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. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

(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 borrowings to fixed interest rates. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. The swaps are entered into with the objective of reducing the risk associated with interest rate fluctuations.

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

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

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

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

(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 accordance with the revenue recognition policy at Note 1(k).

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.

(q) Segment Reporting

The Trust determines and presents operating segments based on the internal information that is provided to the General Manager, who is the Trust's chief operating decision maker.

The Trust operates wholly within Australia and derives rental income from investments in commercial warehouse properties and as such this is considered to be the only segment in which the Trust is engaged. Refer to notes 17 and 19 for further information.

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

2. AUDITOR'S REMUNERATION

	June 2012 $	June 2011 $
Auditing and review of the financial statements		
KPMG Australia	**70,925**	69,107
Other services		
KPMG Australia – taxation services	**20,430**	22,800
	91,355	91,907

3. FINANCE INCOME AND EXPENSE

	June 2012 $000	June 2011 $000
Recognised directly in profit and loss		
Finance income - interest income on bank deposits	**434**	1,162
Finance expense:		
- Interest expense on financial liabilities measured at amortised cost	**(18,427)**	(16,517)
- Interest expense on interest rate swaps	**(2,091)**	(2,577)
Total finance expenses	**(20,518)**	(19,094)
Net finance income and expense	**(20,084)**	(17,932)
Recognised in other comprehensive (loss)/income		
Net (losses)/gains on cash flow hedges for the year:		
- Realised losses transferred to net profit	**2,091**	2,577
- Unrealised (losses)/gains on cash flow hedges	**(16,796)**	61
Finance expense recognised in other comprehensive income	**(14,705)**	2,638

4. RESPONSIBLE ENTITY'S FEES

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

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

The responsible entity may waive the whole or any part of the remuneration to which it would otherwise be entitled (see Note 19(d)(ii)e)).

5. OTHER OPERATING EXPENSES

	June 2012 $000	June 2011 $000
Recoverable property costs	**893**	362
Non-recoverable property costs[1]	**3,331**	2,819
Other operating expenses	**416**	781
	4,640	3,962

[1] Included in non-recoverable property costs are amounts payable of $1,507,090 (2011: $1,448,374) for Queensland Land Tax which under the respective state legislation cannot be on-charged to tenants

6. DISTRIBUTIONS PAID OR PAYABLE

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

	June 2012 $000	June 2011 $000
6.63 cents (2011: 6.18 cents) per unit, interim distribution paid on 24 February 2012	**34,477**	26,391
8.04 cents (2011: 5.80 cents) per unit, final distribution provided	**42,231**	30,161
	76,708	56,552
Net profit attributable to unitholders of BWP Trust	**69,931**	81,497
Net realised profit on sale of investment property[1]	**6,150**	376
Net unrealised losses/(gains) in fair value of investment properties	**635**	(25,328)
Distributable profit for the year	**76,716**	56,545
Opening undistributed profit	**9**	16
Closing undistributed profit	**(17)**	(9)
Distributable amount	**76,708**	56,552
Distribution (cents per unit)	**14.67**	11.98

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

7. EARNINGS PER UNIT

	June 2012	June 2011
Net earnings used in calculating basic and diluted earnings per unit	**$69,931,000**	$81,497,000
Basic and diluted earnings per unit	**13.40 cents**	17.97 cents
Basic and diluted earnings per unit excluding unrealised losses/gains in fair value of investment properties	**13.52 cents**	12.38 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**521,831,842**	453,588,624

8. CASH

	June 2012 $000	June 2011 $000
Cash at bank	**24,732**	8,942
Weighted average effective interest rates	**4.00%**	4.59%

The Trust's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are set out in Note 17.

9. RECEIVABLES AND PREPAYMENTS

	June 2012 $000	June 2011 $000
Current		
Receivables from Wesfarmers Limited subsidiaries	**393**	130
Other receivables	**296**	117
Prepayments	**3,182**	5,376
	3,871	5,623
Non-current		
Loan to Bunnings Group Limited	**-**	850

Wesfarmers Limited is a related party (see Note 19(d)(i)).

Bunnings Group Limited is a controlled entity of Wesfarmers Limited. The terms and conditions of the loan are disclosed in Note 19(d)(ii)f).

10. 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 2012 $000	Fair value 30 June 2011 $000	Last independent valuation
Albany, WA	01.11.99	4,100	206	14	5,280	9,600	9,900	31.12.10
Altona, VIC	24.09.98	6,800	566	2,781	6,110	16,257	16,157	31.12.09
Artarmon, NSW	10.02.03	14,033	864	212	6,691	21,800	21,800	31.12.11
Balcatta, WA	24.09.98	11,200	555	81	13,264	25,100	24,200	30.06.12
Bayswater, VIC	11.02.03	7,335	796	13,541	3,328	25,000	24,600	30.06.12
Belmont, WA	01.04.11	16,670	921	-	(991)	16,600	16,700	15.01.11
Belmont North, NSW	04.12.06	10,850	634	298	(1,282)	10,500	10,800	31.12.09
Belrose, NSW	10.02.03	17,150	1,054	256	8,140	26,600	25,700	31.12.11
Bibra Lake, WA	29.12.98	1,899	95	6,431	12,075	20,500	19,800	31.12.10
Blackburn, VIC	15.01.08	19,000	1,123	1,080	(3,403)	17,800	17,500	31.12.10
Blacktown, NSW	24.01.07	8,235	540	259	(2,534)	6,500	6,400	31.12.09
Broadmeadows, VIC	24.09.98	7,200	431	6,475	7,594	21,700	21,000	30.06.10
Browns Plains, QLD	05.04.12	24,000	1,401	-	(1,401)	24,000	-	01.04.12
Burleigh Heads, QLD	22.10.98	9,700	195	342	5,863	16,100	15,600	30.06.12
Cairns, QLD	10.02.03	10,000	453	1,927	1,920	14,300	14,200	31.12.11
Cannon Hill, QLD	24.12.98	5,600	313	7,942	10,645	24,500	23,400	30.06.10
Caroline Springs, VIC	23.05.11	19,080	1,098	-	(878)	19,300	19,100	15.01.11
Cockburn, WA	01.04.11	18,670	1,026	-	(496)	19,200	18,700	15.01.11
Coffs Harbour, NSW	05.09.01	1,900	112	4,567	221	6,800	10,200	31.12.11
Croydon, VIC	24.09.98	7,800	518	5,736	8,946	23,000	21,500	31.12.09
Craigieburn, VIC	07.05.12	18,420	1,064	-	(1,384)	18,100	-	15.01.11
Dandenong, VIC	19.04.02	4,000	255	6,746	5,799	16,800	16,800	31.12.10
Dubbo, NSW	05.08.11	15,790	1,004	-	(1,094)	15,700	-	15.01.11
Epping, VIC	12.03.99	7,800	463	88	5,649	14,000	14,500	30.06.10
Fairfield Waters, QLD	01.04.11	16,950	977	-	(127)	17,800	17,300	15.01.11
Fountain Gate, VIC	24.09.98	8,300	505	1,643	8,352	18,800	18,200	31.12.11
Frankston, VIC	26.06.01	7,300	301	9,528	8,071	25,200	26,000	30.06.10
Fyshwick, ACT	23.12.02	10,000	942	3,538	2,720	17,200	16,771	31.12.11
Geraldton, WA	10.12.01	1,250	351	5,301	6,298	13,200	11,900	30.06.10
Geraldton Showrooms, WA	11.09.07	2,897	190	836	(1,323)	2,600	2,500	30.06.10
Greenacre, NSW	01.04.11	13,250	850	16,750	(1,350)	29,500	14,078	15.01.11
Harrisdale, WA	01.04.11	10,000	573	8,656	(629)	18,600	10,571	15.01.11
Hawthorn, VIC	18.04.07	19,337	1,217	24,520	(5,574)	39,500	40,900	31.12.11
Hemmant, QLD	07.05.03	3,000	143	10,557	8,000	21,700	22,300	30.06.12
Hervey Bay, QLD	12.07.02	2,053	122	6,497	3,828	12,500	12,500	30.06.11
Hoppers Crossing, VIC	-	-	-	-	-	-	15,400	30.06.11
Joondalup, WA	24.09.98	8,100	593	67	7,540	16,300	16,200	30.06.12
Lismore, NSW	21.04.04	7,750	447	928	1,075	10,200	10,600	30.06.12
Maitland, NSW	20.08.03	898	489	9,936	4,177	15,500	14,900	31.12.09
Mandurah, WA	24.09.98	3,050	160	5,572	8,618	17,400	17,300	30.06.12
Maribyrnong, (land) VIC	28.06.01	7,100	462	-	-	7,562	7,562	N/A
Mentone, VIC	24.09.98	9,400	542	104	9,954	20,000	20,400	30.06.12
Midland, WA	06.03.01	4,600	255	5,021	10,224	20,100	18,400	31.12.09

10. 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 2012 $000	Fair value 30 June 2011 $000	Last independent valuation
Mile End, SA	22.03.00	11,250	624	3,083	12,543	27,500	27,600	30.06.11
Minchinbury, NSW	31.12.98	9,200	503	4,332	11,422	25,457	25,455	30.06.11
Mindarie, WA	03.03.00	4,184	209	5,686	9,421	19,500	17,800	31.12.11
Morayfield, QLD	22.03.00	8,000	334	3,719	7,347	19,400	18,600	30.06.11
Morley, WA	04.07.05	11,100	642	474	2,584	14,800	15,000	30.06.11
Mornington, VIC	29.12.98	3,400	204	6,573	9,723	19,900	19,800	31.12.10
Mt Gravatt, QLD	18.12.08	11,215	659	64	(438)	11,500	11,800	31.12.11
Noarlunga, SA	13.04.99	2,305	124	7,442	7,529	17,400	17,300	30.06.11
Northland, VIC	24.09.98	8,600	489	2,977	10,334	22,400	21,700	31.12.11
Nunawading, VIC	24.09.98	13,700	786	3,198	14,203	31,887	31,887	31.12.11
Oakleigh South, VIC	05.04.01	6,650	374	9,146	5,730	21,900	22,600	30.06.10
Pakenham, VIC	01.04.11	20,250	1,187	-	(1,137)	20,300	20,300	15.01.11
Port Kennedy, WA	19.05.11	16,440	916	4	(460)	16,900	16,400	15.01.11
Port Macquarie, NSW	15.11.02	2,100	141	5,460	2,499	10,200	10,500	30.06.11
Port Melbourne, VIC	10.12.10	24,000	1,391	49	(440)	25,000	24,300	31.12.10
Regency Park, SA	24.01.07	4,656	350	218	(524)	4,700	4,600	31.12.09
Rockingham, WA	30.06.00	3,320	166	5,917	10,297	19,700	19,700	31.12.11
Rocklea, QLD	29.10.02	6,225	296	7,477	3,302	17,300	18,300	31.12.11
Sandown, VIC	24.09.98	7,800	446	51	1,703	10,000	13,200	31.12.11
Scoresby, VIC	24.09.98	8,300	473	5,803	8,124	22,700	16,400	31.12.09
Smithfield, QLD	19.05.11	15,250	890	-	(40)	16,100	15,500	15.01.11
Southport, QLD	09.11.98	2,800	188	6,927	6,585	16,500	15,800	30.06.12
Sunshine, VIC	24.09.98	7,000	407	118	4,375	11,900	11,800	30.06.10
Thornleigh, NSW	07.09.04	13,333	782	360	1,925	16,400	15,800	30.06.10
Tuggeranong, ACT	01.12.98	7,900	431	859	10,810	20,000	19,300	31.12.09
Underwood, QLD	22.10.98	3,000	178	6,141	6,381	15,700	15,300	30.06.12
Vermont South, VIC	14.05.03	9,150	635	14,362	2,053	26,200	26,100	31.12.10
Villawood, NSW	14.05.08	18,400	861	48	91	19,400	18,800	30.06.11
Wagga Wagga, NSW	01.04.11	15,000	932	-	(432)	15,500	15,000	15.01.11
Wollongong, NSW	10.02.03	12,000	628	276	4,096	17,000	16,900	31.12.11
		688,995	**41,052**	**268,994**	**307,522**	**1,306,563**	**1,225,881**	

(i) Valuation policy

Investment properties are carried at fair value.

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

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

Initially, each investment property is measured at cost including transaction costs (see Note 1(e)). Subsequent revaluations to fair value according to the Trust's revaluations policy may result in transaction costs appearing as a negative adjustment (loss) in fair value.

(ii) Methodology and significant assumptions

Independent valuations

The independent valuer determines the most appropriate valuation method for each property. Methods used for valuations during the year were the discounted cash flow and capitalisation of income valuation methods. Details of the independent valuations conducted as at 30 June 2012 are provided at Note 10(b).

Directors' valuations

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

Discounted cash flow method

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

Capitalisation of income valuation method

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

> lease term remaining;

> the relationship of current rent to the market rent;

> the location;

> for Bunnings Warehouses, distribution of competing hardware stores;

> prevailing investment market conditions; and

> other property specific conditions.

In completing the valuations, reliance was placed on market evidence of broadly comparable Bunnings Warehouses sold within the past 12 months, with capitalisation rates ranging between 7.45 per cent to 8.50 per cent (compared with the Trust's weighted average rate of 7.91 per cent).

(b) Independent valuations and valuers

Property	Valuation date	Valuer
Lismore, NSW	30.06.12	Colliers International, Peter Macadam AAPI
Southport, QLD	30.06.12	CBRE, Tom Irving AAPI
Burleigh Heads, QLD	30.06.12	CBRE, Tom Irving AAPI
Underwood, QLD	30.06.12	CBRE, Tom Irving AAPI
Hemmant, QLD	30.06.12	CBRE, Tristan Gasiewski AAPI
Mentone, VIC	30.06.12	JLL, Bernard Sweeney FAPI
Bayswater, VIC	30.06.12	JLL, Bernard Sweeney FAPI
Balcatta, WA	30.06.12	CBRE, Jason Fenner AAPI
Mandurah, WA	30.06.12	Opteon, Mark Christie FAPI
Joondalup, WA	30.06.12	Opteon, Mark Christie FAPI

10. INVESTMENT PROPERTIES (NON-CURRENT) (continued)

(c) Operating leases

(i) All of the properties listed in Note 10(a) are leased by Bunnings Group Limited except Trust properties at Blackburn, Maribyrnong, Blacktown, Regency Park; surplus land adjoining properties at Altona (1.0 hectare), Minchinbury (0.5 hectares), Nunawading (0.1 hectares), Fyshwick (1.0 hectare); Geraldton Showrooms; showrooms co-located with Bunnings Warehouses at Bayswater, Browns Plains, Dubbo and Pakenham; and a pad site at Dubbo.

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

> Bunnings Warehouse leases generally commit the tenant to an initial term of ten or fifteen years, followed by a number of optional terms of five years each exercisable by the tenant.

> Leases to non-Bunnings tenants generally commit the tenant to an initial term of between five and ten years, followed by one or a number of optional terms of five years each exercisable by the tenant.

> At 30 June 2012, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.7 years (2011: 1.3 years) and the maximum lease expiry is 14.3 years (2011: 15.4 years), with a weighted average lease expiry for the portfolio of 7.7 years (2011: 8.6 years).

(iii) Generally, rents are reviewed annually in line with movements in Consumer Price Indices compiled by the Australian Bureau of Statistics or a fixed percentage increase, except when a market rent review is due. Market rent reviews for most Bunnings Warehouses are due each fifth anniversary of the commencement date and for other leases at the exercise of each option by the tenant. Generally, market rents are agreed by the landlord and tenant or if not agreed, determined by an independent expert in accordance with generally accepted rent review criteria.

(iv) The tenants are generally responsible for payment of most outgoings, which include all normal rates, taxes and assessments (other than land tax in some instances). At the Browns Plains property, the non-Bunnings tenants do not contribute to outgoings, but each is responsible for payment of all of its respective utilities charges.

(v) Some of the leases of Bunnings Warehouses allow for the tenant to repurchase the properties in specified circumstances:

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

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

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

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

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

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

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

	June 2012 $000	June 2011 $000
Not later than one year	**104,003**	92,613
Later than one year not later than five years	**380,932**	349,524
Later than five years	**319,493**	357,435
	804,428	799,572

(d) Reconciliation of movement in investment properties

	June 2012 $000	June 2011 $000
Opening balance at the beginning of the financial year	**1,225,881**	1,000,111
Acquisitions during the year	**61,671**	196,276
Divestments during the year	**(14,341)**	(7,500)
Capital improvements	**33,987**	11,666
Net unrealised (losses)/gains from fair value adjustments	**(635)**	25,328
Closing balance at the end of the financial year	**1,306,563**	1,225,881

11. PAYABLES AND DEFERRED INCOME

Current	June 2012 $000	June 2011 $000
Trade creditors and accruals	**3,474**	3,034
Responsible entity's fees payable	**1,769**	1,706
Rent received in advance	**8,828**	7,924
	14,071	12,664

The Trust's exposure to liquidity risk in respect of payables is disclosed in Note 17.

12. INTEREST-BEARING LOANS AND BORROWINGS

		June 2012		June 2011	
	Expiry date	**Limit $000**	**Amount drawn $000**	Limit $000	Amount drawn $000
Australia and New Zealand Banking Group Limited	23 January 2017	**150,000**	**88,000**	100,000	36,900
Commonwealth Bank of Australia	14 January 2014	**100,000**	**73,300**	100,000	49,900
Westpac Banking Corporation	22 December 2016	**180,000**	**128,500**	80,000	75,000
National Australia Bank Limited[1]		**-**	**-**	50,000	50,000
Less: accrued interest and borrowing costs			**(910)**		(956)
Bank loans: non-current		**430,000**	**288,890**	330,000	210,844

[1] During the year, the Trust closed its facility with National Australia Bank Limited

At 30 June 2012 the minimum duration of the facilities was 19 months (2011: 25 months) and the maximum was 55 months (2011: 33 months) with a weighted average duration of 45.6 months (2011: 29.2 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 17 for information on interest rate and liquidity risk.

13. ISSUED CAPITAL

(a) Book value of units on issue

	June 2012 $000	June 2011 $000
Book value at the beginning of the financial year	**673,311**	507,372
Equity issued during the year – DRP:		
– August 2011, the DRP was suspended	**-**	11,413
– February 2012, 5,242,300 units at $1.7404 per unit	**9,124**	8,168
Equity issued during the year – pro-rata entitlement offer: – March 2011, 88,238,459 units at $1.70 per unit	**-**	150,005
Expenses incurred in pro-rata entitlement offer	**-**	(3,647)
Book value at the end of the financial year	**682,435**	673,311

(b) Number of ordinary units on issue

	June 2012	June 2011
Number of fully paid units on issue at the beginning of the financial year	**520,012,793**	420,711,773
Issue of units during the year – DRP	**5,242,300**	11,062,561
Issue of units during the year – Pro-rata entitlement offer	**-**	88,238,459
Number of fully paid units on issue at the end of the financial year	**525,255,093**	520,012,793

(c) Rights

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

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

(d) Distribution Reinvestment Plan

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2012.

For the year ended 30 June 2011, the DRP was in place for the interim distribution but was suspended in respect of the final distribution in view of the uncertainty and volatility being experienced in the Australian equity markets and the prevailing market price of BWP Trust units.

14. 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 2012 $000	June 2011 $000
Opening balance at the beginning of the financial year	**(1,308)**	(3,946)
Net (loss)/gain on cash flow hedges for the year	**(14,705)**	2,638
Closing balance at the end of the financial year	**(16,013)**	(1,308)

15. CASH FLOW

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

	June 2012 $000	June 2011 $000
Net profit	**69,931**	81,497
Net fair value change on investment properties	**635**	(25,328)
(Increase)/decrease in receivables and prepayments	**(763)**	1,110
Increase in payables and deferred income	**1,322**	1,831
Net cash flows from operating activities	**71,125**	59,110

(b) Reconciliation of cash

	June 2012 $000	June 2011 $000
Cash balance comprises:		
Cash (see Note 8)	**24,732**	8,942

16. 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 17 present information about the Trust's exposure to each of these risks, and the Trust's objectives, policies and processes for measuring and managing risk, and managing capital. Further quantitative disclosures are included throughout these financial statements.

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

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

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

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

The Trust has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Trust also enters into derivative transactions (interest rate swaps) to manage the interest rate risks arising from the Trust's operations. The main risk arising from the Trust's financial instruments is interest rate risk. The board of directors of the responsible entity reviews and agrees policies for managing this risk and this is summarised in Note 17.

17. FINANCIAL INSTRUMENTS

The Trust has recognised certain financial instruments in the accounts. These financial instruments are disclosed in Notes 8, 9, 11 and 12. The main risks associated with the Trust's financial instruments and the means by which these risks are managed, the measurement of financial instruments and how capital is managed are outlined below:

(a) Concentration of credit risk

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

Receivables

The credit risk associated with 96.6 per cent (2011: 96.8 per cent) of the rental income is with three tenants, Bunnings Group Limited 95.0 per cent (2011: 95.3 per cent), J Blackwood and Son Pty Limited 1.2 per cent (2011: 1.4 per cent) and Officeworks Superstores Pty Ltd 0.4 per cent (2011: 0.1 per cent), wholly owned subsidiaries of Wesfarmers Limited. Bunnings Group Limited, J Blackwood and Son Pty Limited, Officeworks Superstores Pty Ltd and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up. Wesfarmers Limited has been assigned a credit rating of A-(stable)/A2 by Standard & Poor's (Baa1(positive)/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:

		Carrying amount	
		June 2012	June 2011
	Note	**$000**	$000
Cash and short-term deposits	8	**24,732**	8,942
Loans and receivables	9	**689**	1,097
Interest rate swaps assets		**-**	833
		25,421	10,872

17. FINANCIAL INSTRUMENTS (continued)

(a) Concentration of credit risk (continued)

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

	Carrying amount	
	June 2012	June 2011
	$000	$000
Tenants		
Wesfarmers Limited subsidiaries	**393**	130
Other tenants	**296**	117
Loans		
Bunnings Group Limited – (see Note 19(d)(ii)f))	**-**	850
	689	1,097

Impairment losses

Rental receivables of approximately $28,040 were overdue at 30 June 2012 (2011: $1,995).

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 cash flow forecasts to assist in managing its liquidity.

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

30 June 2012	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
Non-derivative financial liabilities						
Bank loans - principal	(288,890)	(289,800)	-	(73,300)	(216,500)	-
Bank loans - future interest	-	(57,109)	(14,032)	(12,904)	(30,173)	-
Payables and deferred income	(14,071)	(14,071)	(14,071)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(16,013)	(18,662)	(4,179)	(4,640)	(8,938)	(905)
	(318,974)	**(379,642)**	**(32,282)**	**(90,844)**	**(255,611)**	**(905)**

30 June 2011	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
Non-derivative financial liabilities						
Bank loans - principal	(210,844)	(211,800)	-	-	(211,800)	-
Bank loans - future interest	-	(34,331)	(13,254)	(13,484)	(7,593)	-
Payables and deferred income	(12,664)	(12,664)	(12,664)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(1,308)	255	(1,167)	(553)	1,421	554
	(224,816)	**(258,540)**	**(27,085)**	**(14,037)**	**(217,972)**	**554**

(c) Interest rate risk

Interest rate risk is the risk that the Trust's finances will be adversely affected by fluctuations in interest rates. To help reduce this risk in relation to bank loans, the Trust has employed the use of interest rate swaps whereby, the Trust agrees with various banks to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each contract swap, thereby effectively fixing the interest rate on the underlying obligations. At 30 June 2012 the fixed rates varied from 4.25 per cent to 5.82 per cent (2011: 5.15 per cent to 7.72 per cent) and the floating rates were at bank bill rates plus a bank margin.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions. At 30 June 2012, the Trust's hedging cover was 65.6 per cent of borrowings, which is within the board's preferred 50 per cent to 75 per cent range.

17. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

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

	Carrying amount	
	June 2012	June 2011
	$000	$000
Variable rate instruments		
Cash and short-term deposits	**24,732**	8,942
Bank loans	**(288,890)**	(210,844)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The analysis below considers the impact on equity and net profit or loss due to a reasonably possible increase or decrease in interest rates. This analysis assumes that all other variables remain constant. Due to changes in market conditions since the last report, the analysis used for 2012 differs from the previous year.

	Net profit		Equity	
	50 basis points increase $000	**50 basis points decrease $000**	**50 basis points increase $000**	**50 basis points decrease $000**
30 June 2012				
Variable rate instruments	(1,449)	1,449	-	-
Interest rate swaps	950	(950)	4,070	(4,489)
Net impact on net profit and equity	**(499)**	**499**	**4,070**	**(4,489)**

	Net profit		Equity	
	100 basis points increase $000	**50 basis points decrease $000**	**100 basis points increase $000**	**50 basis points decrease $000**
30 June 2011				
Variable rate instruments	(2,118)	1,059	-	-
Interest rate swaps	1,800	(900)	7,503	(3,901)
Net impact on net profit and equity	**(318)**	**159**	**7,503**	**(3,901)**

(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 2012 $000 Book value and fair value	June 2011 $000 Book value and fair value
Assets and liabilities held at amortised costs		
Loans and receivables	**689**	1,097
Cash and short-term deposits	**24,732**	8,942
Bank loans	**(288,890)**	(210,844)
Payables and deferred income	**(14,071)**	(12,664)
Liabilities held at fair value		
Interest rate swaps	**(16,013)**	(1,308)

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

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:

	2012	2011
Interest rate swaps	**3.12% to 4.10%**	4.98% to 6.22%

(e) Capital management

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

In order to maintain a manageable level of debt, the responsible entity has established a preferred range of 20 to 30 per cent for the Trust's gearing ratio (debt to total assets), which is monitored on a monthly basis. At 30 June 2012, the gearing level was 21.6 per cent (2011: 17.0 per cent).

The Trust's DRP was suspended for the final distribution for the year ended 30 June 2011 due to the uncertainty and volatility being experienced in the Australian equity markets and the prevailing market price of BWP Trust units. The DRP was reinstated for the interim distribution for the year ended 30 June 2012, and applied to the final distribution for the year ended 30 June 2012 and will apply to subsequent distributions until notice is given of its suspension or termination.

18. CAPITAL EXPENDITURE COMMITMENTS

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

	June 2012 $000	June 2011 $000
Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:		
Not later than one year:		
Unrelated Parties	**2,923**	1,312
Related Parties	**3,840**	71,513
Later than one year and not later than five years:		
Related Parties	**18,520**	33,790
	25,283	106,615

Capital Commitments to unrelated parties

Wallsend

In March 2011, as part of a portfolio of properties that the Trust agreed to acquire from Bunnings Group Limited, the Trust committed to acquire for $2.9 million, including acquisition costs, from an unrelated party a development site on which a Bunnings Warehouse is to be developed.

Capital Commitments to related parties

Rocklea

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

Wallsend

Following the acquisition of the development site at Wallsend from an unrelated party, the Trust is committed to the development of a Bunnings Warehouse at a cost of $18.5 million. On completion of the development, the parties will enter into a new ten-year lease of the Bunnings Warehouse with five, five-year options, exercisable by the tenant.

19. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES

(a) Details of key management personnel

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

Chairman – non-executive

J A Austin

Non-executive directors

B J H Denison
R D Higgins
P J Johnston
P J Mansell

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

For the financial year ended 30 June 2012, 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.

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

(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	295,967	-	-	295,967
B J H Denison	11,205	-	-	11,205
P J Johnston	78,431	-	-	78,431
P J Mansell	199,351	18,649	-	218,000
Total	**584,954**	**18,649**	**-**	**603,603**

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.

19. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES (continued)

(d) Transactions with related parties

(i) Relationship with the Wesfarmers Group

Wesfarmers Investments Pty Limited, a controlled entity of Wesfarmers Limited, holds 123,419,543 (2011: 121,112,668) units in the Trust, representing 23.50 per cent of the units on issue at 30 June 2012 (2011: 23.29 per cent).

(ii) Transactions with the Wesfarmers Group

During the year ended 30 June 2012, the Trust had the following transactions with Wesfarmers Limited subsidiaries:

a) Following approval by unitholders in March 2011, the Trust agreed to acquire a property portfolio, comprising 13 Bunnings Warehouse properties, from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. During the year ended 30 June 2011 the Trust paid $161,560,000 following settlement of 10 of the 13 properties. A further $59,563,364 was paid during the year ended 30 June 2012 relating to the completion of developments of Bunnings Warehouses on two of the ten properties acquired during 2011 and the settlement of two more properties. A further $18,520,000 relating to the development of the Wallsend Bunnings Warehouse is expected to be payable in the year ending 30 June 2014, subject to the Trust finalising the acquisition of the development site from an unrelated party.

b) Rent and other property income of $96,607,448 (2011: $81,725,715) was received from Bunnings Group Limited. The amount includes an amount received in advance of $7,986,259 (2011: $7,713,509). As at 30 June 2012 there was also a rent receivable of $19,909 (2011: $655).

c) Rent of $1,316,544 (2011: $1,179,984) was received from J Blackwood and Son Pty Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of $102,879 (2011: nil). As at 30 June 2012 there was no rent receivable (2011: $94,908).

d) Rent of $381,049 (2011: $83,532) was received from Officeworks Superstores Pty Ltd, a controlled entity of Wesfarmers Limited. As at 30 June 2012 there was also a rent receivable of $35,627 (2011: $34,423).

e) The responsible entity's fee of $6,367,371 (2011: $6,047,659) is paid or payable to the responsible entity. During the year ended 30 June 2011, as part of the agreement to acquire 13 Bunnings Warehouse properties from Bunnings Group Limited, the responsible entity waived its entitlement to fees in respect of properties at: Greenacre, Dubbo and Wagga Wagga in New South Wales; Fairfield Waters and Smithfield in Queensland; Caroline Springs, Craigieburn and Pakenham in Victoria; Belmont, Cockburn, Harrisdale and Port Kennedy in Western Australia. For the year ended 30 June 2012 the amount of fees the responsible entity had waived was $1,126,071 (2011: $344,586). Under the agreement the fee waiver was for 100 per cent of the management fee payable up to the 30 June 2012 and a 50 per cent reduction in the management fee payable from 1 July 2012 to 30 June 2013.

f) In January 2012, Bunnings Group Limited repaid the Trust a loan of $850,000. 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 included charging Bunnings Group Limited an access fee of eight per cent annually until such time as the parcel of land is sold to an external party. The sale of the parcel of land occurred during the year ended 30 June 2012 resulting in the repayment of the loan to the Trust.

g) The Trust reimbursed Bunnings Group Limited $5.8 million for the completion of an upgrade to the Trust's Scoresby Bunnings Warehouse.

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

i) The Trust paid $146,920 (2011: $105,084) to Wesfarmers Limited for insurance premiums on a number of the Trust's properties.

20. ADDITIONAL INFORMATION

(a) Principal activities and investment policy of the Trust

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

(b) Commencement and life of the Trust

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

(c) Economic dependency

96.6 per cent (2011: 96.8 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited, J Blackwood and Son Pty Limited and Officeworks Superstores Pty Ltd, all controlled entities of Wesfarmers Limited.

(d) Corporate information

The financial report of the Trust for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 9 August 2012.

In accordance with the Corporations Act 2001, BWP Management Limited (ABN 26 082 856 424), the responsible entity of BWP Trust, provides this report for the financial year that commenced 1 July 2011 and ended 30 June 2012. The information on pages 5 to 9 forms part of this directors' report and is to be read in conjunction with the following information:

Results and distributions

	June 2012 $000	June 2011 $000
Net profit attributable to unitholders	**69,931**	81,497
Net realised profit on sale of investment property[1]	**6,150**	376
Net unrealised losses/(gains) in fair value of investment properties	**635**	(25,328)
Distributable profit for the year	**76,716**	56,545
Opening undistributed profit	**9**	16
Closing undistributed profit	**(17)**	(9)
Distributable amount	**76,708**	56,552

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

Distributions

The following distributions have been paid by the Trust or declared by the directors of the responsible entity since the commencement of the financial year ended 30 June 2012:

		June 2012 $000	June 2011 $000
(a)	Out of the profits for the year ended 30 June 2011 on ordinary units as disclosed in last year's directors' report		
	Final distribution of 5.80 cents per ordinary unit paid on 26 August 2011.	**30,161**	25,159
(b)	Out of the profits for the year ended 30 June 2012 (see Note 6 of the Notes to the financial statements):		
	(i) Interim distribution of 6.63 cents per ordinary unit paid on 24 February 2012.	**34,477**	26,391
	(ii) Final distribution of 8.04 cents per ordinary unit declared by the directors for payment on 29 August 2012.	**42,231**	30,161

Units on issue

At 30 June 2012, 525,255,093 units of BWP Trust were on issue (2011: 520,012,793).

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 2012, BWP Trust held assets to a total value of $1,335.2 million (2011: $1,242.1 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 $6,367,371 (2011: $6,047,659) were paid or payable to the responsible entity out of Trust property during the financial year.

Trust information

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

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

The Trust had no employees during the financial year (2011: Nil). Management services are provided to the responsible entity by Wesfarmers Limited. Wesfarmers Limited employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

Directors

Information on directors

J A Austin
B J H Denison
R D Higgins
P J Johnston
P J Mansell

Details of the directors appear on pages 18 and 19.

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

Company secretary

K A Lange, FCIS, MBus

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

Directors' unitholdings

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

	Units in the Trust
J A Austin	295,967
P J Johnston	78,431
P J Mansell	218,000

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

Insurance and indemnification of directors and officers

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

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

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

Review and results of operations

The operations of the Trust during the financial year and the results of those operations are reviewed on pages 5 to 9 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 $80,682,000 (2011: $225,770,000 increase) to $1,306,563,000 (2011: $1,225,881,000), and the number of investment properties increased from 70 to 72 properties at financial year end.

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

Significant events after the balance date

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

Likely developments and expected results

Likely developments in and expected results of the operations of the Trust in subsequent years are referred to elsewhere in this report, particularly on pages 5 to 9. In the opinion of the directors, further information on those matters could prejudice the interests of the Trust and has therefore not been included in this report.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of BWP Management Limited support and comply with the majority of the ASX Corporate Governance Principles and Recommendations. The responsible entity's corporate governance statement is contained on pages 20 to 24 of this annual report.

Environmental regulation and performance

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

Board committees

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

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

Rounding

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

Auditor independence

The lead auditor's independence declaration is set out on page 59 and forms part of the Directors' Report for the year ended 30 June 2012.

Non-audit services

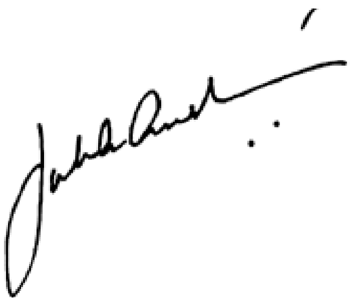
KPMG provided the following non-audit services to the Trust during the year ended 30 June 2012 and received, or is due to receive, the following amount for the provision of these services:

Taxation services	$20,430
Total	$20,430

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

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

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



J A Austin
Chairman
BWP Management Limited
Perth, 9 August 2012

Directors' declaration

For the year ended 30 June 2012

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

1. In the opinion of the directors:

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

      (i) giving a true and fair view of the Trust's financial position as at 30 June 2012 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 statements also comply with International Financial Reporting Standards as disclosed in Note 1(b).

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2012.

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

J A Austin
Chairman
BWP Management Limited
Perth, 9 August 2012

KPMG

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 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

DMcComish

KPMG
Perth, 9 August 2012

D P McComish
Partner

Independent auditor's report to the unitholders of BWP Trust

KPMG

Report on the financial report

We have audited the accompanying financial report of BWP Trust (the Trust), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of BWP Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independent auditor's report to the unitholders of BWP Trust

Independence

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

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the Trust's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

KPMG

KPMG
Perth, 9 August 2012

DMcComish

D P McComish
Partner

Unitholder information

Substantial unitholders

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

	Date of notice	Units
Wesfarmers Limited, its subsidiaries and their associates	24 March 2011	121,112,668

Distribution of unitholders

As at 31 July 2012

Range of holding	Holders	Units	%
1 - 1,000	1,823	910,908	0.17
1,001 - 5,000	4,455	12,814,194	2.44
5,001 - 10,000	3,420	24,905,862	4.74
10,001 - 100,000	5,264	126,844,222	24.15
101,000 - over	200	359,779,907	68.50
Total	**15,162**	**525,255,093**	**100.00**
Unitholders holding less than a marketable parcel (254 units)	436	33,585	

Voting rights

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

Twenty largest unitholders

The twenty largest holders of ordinary units in the Trust as at 31 July 2012 were:

	Number of units	Percentage of capital held
Wesfarmers Investments Pty Ltd	123,419,543	23.50
HSBC Custody Nominees (Australia) Ltd	52,568,816	10.01
JP Morgan Nominees Australia Ltd	49,122,529	9.35
National Nominees Ltd	19,762,861	3.76
Cogent Nominees Pty Ltd <DRP>	15,389,166	2.93
RBC Dexia Investor Services Australia Nominees Pty Ltd <BKCUST A/C>	12,002,805	2.29
RBC Dexia Investor Services Australia Nominees Pty Ltd <APN A/C>	9,128,524	1.74
Citicorp Nominees Pty Ltd <Colonial First State Inv A/C>	8,918,833	1.70
Citicorp Nominees Pty Ltd	7,992,716	1.52
AMP Life Ltd	3,407,357	0.65
Sandhurst Trustees Ltd <SISF A/C>	1,888,259	0.36
Cogent Nominees Pty Ltd	1,859,940	0.35
Bond Street Custodians Ltd <ENH Property Securities A/C>	1,699,193	0.32
Milton Corporation Ltd	1,363,394	0.26
Cogent Nominees Pty Ltd <SMP Accounts>	1,354,637	0.26
Australian Executor Trustees Ltd <No 1 Account>	1,282,692	0.24
RBC Dexia Investor Services Australia Nominees Pty Ltd <NMSMT A/C>	1,128,590	0.21
JP Morgan Nominees Australia Ltd <Cash Income A/C>	978,420	0.19
UBS Wealth Management Australia Nominees Pty Ltd	975,557	0.19
RE GL CM & JE Adshead Pty Ltd	923,251	0.18
Total	**315,167,083**	**60.00**

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Investor information

Stock exchange listing

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

Distribution reinvestment plan

The Distribution Reinvestment Plan was in place for both the interim distribution and final distribution for the year ended 30 June 2012.

Electronic payment of distributions

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

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

Publications

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

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

Website

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

Annual tax statements

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

Profit distributions

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

Unitholder meetings

No unitholder meetings were held during the year ending 30 June 2012. Details of previous unitholder meetings and briefings are available on the Trust's website.

Unitholder enquiries

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

Complaints handling

Complaints made in regard to BWP Trust should be directed to The General Manager – BWP Management Limited, Level 11, Wesfarmers House, 40 The Esplanade, Perth, Western Australia, 6000. The procedure for lodgement of complaints and complaints handling is set out under the Investors tab of the BWP Trust website at www.bwptrust.com.au.

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

Directory

Responsible entity

BWP Management Limited

ABN 26 082 856 424

Level 11, Wesfarmers House
40 The Esplanade
PERTH WA 6000

Telephone: (+61 8) 9327 4356

Facsimile: (+61 8) 9327 4344

www.bwptrust.com.au

Directors and senior management

J A Austin (Chairman)

B J H Denison (Director)

R D Higgins (Director)

P J Johnston (Director)

P J Mansell (Director)

G W Gernhoefer (General Manager)

K A Lange (Secretary)

Registry manager

Computershare Investor Services Pty Limited

Level 2
45 St Georges Terrace
PERTH WA 6000

Telephone: 1300 136 972 (within Australia)

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

Facsimile: 1800 783 447 (within Australia)

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

www.computershare.com.au

Auditor

KPMG
235 St Georges Terrace
PERTH WA 6000

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Annual Report 2012

www.bwptrust.com.au

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