ARSN 088 581 097

12 August 2010

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

Dear Sir

RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2010

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

- Full year results announcement
- Appendix 4E Preliminary Final Report
- Financial statements for the year ended 30 June 2010

K A LANGE
COMPANY SECRETARY

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ARSN 088 581 097

12 August 2010

Full-year results to 30 June 2010

The directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today announced the results of the Trust for the financial year to 30 June 2010.

Highlights

- Income of $78.5 million for the year – up 7.3 per cent on the previous year
- Full-year distribution of 12.08 cents per unit – up 4.4 per cent on the previous year
- Market rent reviews on 9 properties completed during the year - average 9.2 per cent increase in annual rent
- Portfolio value $1,000.1 million - up by $44.5 million following full-year net revaluation gain of $41.8 million and capital expenditure of $2.7 million during the year
- Net Tangible Assets of $1.88 per unit at 30 June 2010 (2009: $1.79)
- Weighted Average Lease Expiry of 9.3 years at 30 June 2010 (2009: 6.3 years)
- Gearing (debt/total assets) 18.8 per cent at 30 June 2010 (2009: 22.6 per cent)
  Covenant gearing (debt + non-current liabilities/total assets) 19.3 per cent (2009: 23.1 per cent)

Financial results

Total income for the full-year to 30 June 2010 was $78.5 million, up by 7.3 per cent from last year, due to increases in rental income from rent reviews, a full year of new income received from acquisitions and developments completed last year and increased interest income.

Finance costs of $19.1 million were 10.1 per cent lower than last year due to a lower average level of debt, in spite of the higher average cost of borrowings. The average level of debt was 38.1 per cent lower at $198.2 million compared with $320.2 million for 2009, as a result of debt reduction following the $150 million capital raising in May 2009. The weighted average cost of net borrowings (finance costs less finance income/average borrowings) was 9.40 per cent, compared with 6.55 per cent in the previous year. The average cost of borrowings was higher due to:

- increases in bank fees and margins on facilities that were repriced during the last two years;
- the increased bank fees being applied to lower levels of borrowings, increasing the effective rate.

Distributable profit for the year was $50.4 million, an increase of 24.6 per cent on the distributable profit last year; although last year's profit was affected by the one-off costs of approximately $3.3 million associated with debt reduction from proceeds of the $150 million capital raising in May 2009. Distributable profit for the year ended 30 June 2010 excludes the unrealised net gain of $41.8 million on the revaluations of the fair value of the portfolio at 30 June 2010.

A S X R E L E A S E

The management expense ratio for the year ended 30 June 2010 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.70 per cent (2009: 0.69 per cent).

As at 30 June 2010 the Trust's total assets were $1,026.4 million (2009: $999.9 million), with unitholders' equity of $792.8 million and total liabilities of $233.6 million. Investment properties made up the majority of total assets, comprising $1,000.1 million (2009: $955.6 million).

The underlying net tangible asset backing of the Trust's units ("NTA") at 30 June 2010 was $1.88 per unit, an increase of 2.7 per cent from $1.83 per unit at 31 December 2009 (30 June 2009: $1.79). The increase in NTA over the six months to 30 June 2010 is mainly due to the increase in the fair value of the portfolio during the six months.

The Trust's gearing ratio (debt to total assets) at 30 June 2010 was 18.8 per cent (2009: 22.6 per cent), slightly below the board's preferred range of 20 to 40 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 19.3 per cent (2009: 23.1 per cent). The interest cover ratio (earnings before interest and tax to interest expense) was 3.7 times (2009: 2.9 times).

Distribution to unitholders

A final distribution of 5.98 cents per ordinary unit has been declared and will be made on 27 August 2010 to unitholders on the Trust's register at 5.00 pm on 30 June 2010.

The final distribution takes the total distribution for the year to 12.08 cents per unit, a 4.4 per cent increase on last year.

The tax advantaged component of the distribution is 23.93 per cent.

Units issued under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at $1.8028 per unit, representing a 2.5 per cent discount to the volume weighted average price of the Trust's units for the 10 trading days following the record date.

Capital management

As a result of the $150 million capital raised in May 2009, the Trust was able to reduce its bank borrowings from more than $340 million at the time of the capital raising, to less than $200 million at 30 June 2010. In order to remove unnecessary borrowing costs associated with holding excess debt capacity, while maintaining sufficient debt capacity for future growth, in March 2010 the Trust reduced its debt facility limits by $50 million, to $330 million. Details of the Trust's current facilities are provided below.

Bank facilities as at 30 June 2010	**Limit $m**	**Amount drawn[1] $m**	**Expiry date**
Australia and New Zealand Banking Group Limited	100.0	48.8	31 July 2013
Commonwealth Bank of Australia	100.0	49.9	14 January 2012
Westpac Banking Corporation	80.0	45.5	2 July 2012
National Australia Bank Limited	50.0	50.0	Evergreen[2]
	330.0	**194.2**	

[1] Amount drawn includes accrued interest of $0.7 million as at 30 June 2010.

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

The Trust's DRP was reinstated during 2008 and applied to both the interim and final distributions for the year ended 30 June 2010. During the year 10,710,718 new units were issued under the DRP. The Trust has continued to maintain an active DRP as a component of longer-term capital management, in spite of current low gearing levels and the strong cash position of the Trust.

At 30 June 2010, the Trust's hedging cover was 99.2 per cent of borrowings, with $192.0 million interest rate swaps against interest bearing debt of $193.5 million. The weighted average term to maturity of hedging was 3.26 years, including delayed start swaps.

Property Acquisitions

Land adjoining Bunnings Warehouse, Broadmeadows, Victoria

In May 2010 the Trust acquired a small parcel of vacant land adjoining the Trust's Bunnings Warehouse in the suburb of Broadmeadows, approximately 15 kilometres north-west of the Melbourne central business district.

The 433 square metres of land, acquired for $0.3 million (including acquisition costs), combined with another small adjoining parcel acquired in 2004, enables the expansion of the adjoining Bunnings Warehouse. Bunnings Group Limited pays the Trust an access fee of eight per cent per annum on the Trust's total capital outlay until the adjoining Bunnings Warehouse is expanded over the additional sites. Details of the proposed expansion of the Bunnings Warehouse are provided in the following section.

Developments and upgrades

Upgrade of Bunnings Warehouse Broadmeadows, Victoria

A $5.4 million upgrade of the existing Trust-owned Bunnings Warehouse store at Broadmeadows, Victoria, was commenced by Bunnings Group Limited as project manager for the Trust during the year. The upgrade, utilising surplus land, will increase the retail area by 1,287 square metres and is expected to be completed towards the end of the 2010 calendar year.

On completion of the development, the Trust will receive an eight per cent return on the development cost and the parties will enter into a new ten year lease of the Bunnings Warehouse with one ten year option, exercisable by the tenant. The rent will be reviewed to market every five years and by the Consumer Price Index in all other years. All other terms and conditions of the existing lease will remain the same.

Other improvements

Mechanical ventilation and associated works were completed at the Trust's Hawthorn Bunnings Warehouse, at a cost of $0.3 million. The Trust will receive a return of eight per cent per annum on the cost of the improvements.

Improvements to roof safety and access at 17 properties were completed during the year at a cost of approximately $1.1 million.

Approximately $1.0 million was spent on 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 Consumer Price Index ("CPI"), except when a property is due for a market review. Market reviews occur for each Bunnings Warehouse, generally, every five years from the date of the commencement of the lease. The market rental is determined according to generally accepted rent review criteria, based on rents paid at comparable properties in the market.

During the year, 50 properties had annual fixed or CPI increases, resulting in an average increase of 1.8 per cent in the annual rent for these properties.

Market rent reviews were completed on nine properties during the year. The outstanding rent review for the Bunnings Warehouse at Minchinbury, New South Wales, which was due 31 December 2008, was completed subsequent to year end. The Mile End market review, scheduled for March 2010 is expected to be concluded by 31 December 2010.

The results of the completed market rent reviews (including Minchinbury, completed post-balance date) are shown in the table below. Of the ten reviews completed, five were negotiated between both parties and five were determined by an independent valuer. There was a 9.1 per cent average increase in annual rent for these 10 properties as a result of the market rent reviews.

Property location	**Passing rent** ($ pa)	**Market review** ($ pa)	**Uplift** (%)	**Effective date**
Albany, WA	570,300	745,000	+30.6	1 Nov 09
Bibra Lake, WA	1,217,470	1,489,250	+22.3	1 Nov 09
Fountain Gate, VIC*	1,280,920	1,325,000	+3.4	1 Feb 10
Hoppers Crossing, VIC*	1,127,440	1,162,500	+3.1	22 Mar 10
Maitland, NSW*	1,087,806	1,160,000	+6.6	18 Oct 09
Minchinbury, NSW#	1,402,287	1,525,000	+8.8	31 Dec 08
Morayfield, QLD^	1,367,688	1,508,000	+10.3	22 Mar 10
Mornington, VIC*	1,374,140	1,450,000	+5.5	13 Dec 09
Nunawading, VIC	1,926,863	2,065,000	+7.2	11 Feb 10
Thornleigh, NSW*	1,127,835	1,190,000	+5.5	6 Sep 09
Weighted average (%)			+**9.1**	

* Negotiated outcome
^ Excludes amortised rent not subject to review
\# Minchinbury determination was handed down subsequent to year end but has been included for completeness

Revaluations

The entire Trust portfolio was revalued at 31 December 2009 and again at 30 June 2010, including 21 property revaluations performed by independent valuers (11 at 31 December 2009 and 10 at 30 June 2010). Properties not independently revalued at each balance date are subject to directors' valuations, with an independent valuer reviewing the methodology adopted.

The value of the portfolio increased by $44.5 million to $1,000.1 million; following a net revaluation gain of $41.8 million and capital expenditure of $2.7 million during the year.

The net revaluation gain was due to rental growth from rent reviews and improvement in capitalisation rates, primarily as a result of the extension of a number of existing Bunnings Warehouse leases (refer to the Extended lease tenure section below). The Trust's weighted average capitalisation rate for the portfolio at 30 June 2010 was 7.65 per cent (December 2009: 7.78 per cent and June 2009: 7.81 per cent).

Extended lease tenure

In May 2010, unitholders approved a proposal to extend the leases of 35 of the 53 Bunnings Warehouses owned by the Trust.

The lease extensions involved increasing the current term that Bunnings Group Limited was committed to lease 34 of the properties from the Trust by a weighted average of 6.0 years and increased Bunnings Group Limited's tenure at 35 of the properties by a weighted average of 6.3 years.

Extending the leases has increased the Weighted Average Lease Expiry ("WALE") of the Trust's portfolio by an estimated 3.7 years, based on the position at 31 December 2009. At 30 June 2010, the Trust's WALE was 9.3 years.

In addition to securing an additional six years' committed rental income from the 34 properties and improving the WALE, the extended lease tenure has:

- improved the Trust's lease expiry profile by spreading the expiry of the committed term of leases over a longer period (from 11 to 17 years as at 31 December 2009);
- reduced the maximum number of leases expiring in any one calendar year from 22 to 10; and
- increased the capital value of the portfolio.

Apart from the change to the duration of the leases, there were no other changes to the terms and conditions of the leases or the basis on which rental income is derived. There was no financial consideration exchanged between the parties for the extended lease tenure and it has provided the Trust a low cost means of securing a future income stream and enhancing the quality and value of the Trust's portfolio.

Outlook

The Trust has a strong balance sheet to fund growth through appropriate property acquisitions and improvements to existing properties.

We will continue to actively pursue new assets that fit the Trust's investment criteria. Quality Bunnings Warehouses will continue to be the main focus for acquisitions. Other assets will be considered, selectively, that provide similar characteristics to Bunnings Warehouse properties by having a large land area with warehouse style improvements, being well located and with a quality tenant under a longer-term lease. Availability of appropriate properties will be the main challenge for the Trust in acquiring new assets in the short-term, as prime properties seem to be tightly held in the current environment.

We will also pursue value enhancing improvements to existing assets. There is one upgrade in progress, due for completion by 31 December 2010, expanding the Bunnings Warehouse at Broadmeadows, Victoria, which will provide an eight per cent return on the estimated $5.4 million capital outlay. Other upgrades may be negotiated with tenants based on the needs of their businesses.

Income growth will also be derived from scheduled rent reviews. There are four market rent reviews due in the year ending 30 June 2011; two in Victoria and two in Western Australia and these are likely to be subject to determination by independent valuers, based on current rentals of comparable properties, particularly other Bunnings Warehouses. The balance of the properties in the portfolio will be reviewed to the Consumer Price Index ("CPI") or by a fixed percentage increase. The average CPI increase for the portfolio during the year ended 30 June 2010 was approximately 1.6 per cent, providing potential for improved CPI increases in the 2011 financial year.

Finance costs will continue to constrain earnings in the short to medium term, with the effect of increased fees and margins from a facility extended in January 2010 and the repricing of another facility due at the end of March 2011 offsetting the benefits of reducing facility limits by $50 million in April 2010. The Trust's relatively high level of interest rate hedging means that increases in interest rates are not expected to adversely affect borrowing costs.

Further information

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

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

For further information please contact:

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An investor briefing and question and answer teleconference call will be held on Thursday 12 August 2010 at 2.30pm AWST (4.30pm AEST).

Dial 1800 505 083 from within Australia or +618 9463 1645 from outside Australia.
Ask to join the BWPT Annual Results Investor Presentation (conference ID number 230604).

(An investor briefing presentation will be released separately).

BUNNINGS WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

APPENDIX 4E

Financial year ended 30 JUNE 2010

Results for announcement to the market

		Full-year to 30 June 10	Full-year to 30 June 09	Variance (%)
Revenue from ordinary activities	($000)	78,538	73,161	7.3
Net profit before unrealised items	($000)	50,410	40,451	24.6
Unrealised items – gain/(loss) in fair value of investment properties	($000)	41,772	(52,140)	-
Net profit/(loss) from ordinary activities attributable to unitholders	($000)	92,182	(11,689)	-
Net tangible assets per unit	($)	1.88	1.79	5.4

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 12 August 2010 accompanying this statement.

Audit

This report is based on accounts that have been audited.

Distributions

Interim distribution paid	($000)	25,268	20,470	23.4
Final distribution payable	($000)	25,159	19,967	26.0
Interim distribution per unit	cents	6.10	6.70	(9.0)
Final distribution per unit	cents	5.98	4.87	22.8

Record date for determining entitlements to the final distribution	30 June 2010
Payment date for final distribution	27 August 2010

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

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 5.00pm (WST) on 30 June 2010 if they were to apply to the final distribution for 2009/10. Forms received after that time will be effective for subsequent distributions only.

Units issued under the DRP in respect of the final distribution for 2009/10 will be issued at $1.8028 per unit, representing a 2.5 per cent discount to the volume weighted average unit price for the 10 trading days following the record date.

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

BUNNINGS WAREHOUSE PROPERTY TRUST

ANNUAL REPORT

For the full-year ended
30 June 2010

Bunnings Warehouse Property Trust
Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	**June 2010 $000**	June 2009 $000
Rental income		**76,619**	71,208
Other property income		**1,406**	1,662
Finance income	3	**513**	291
Total revenue		**78,538**	73,161
Finance costs	3	**(19,144)**	(21,295)
Costs associated with terminating interest rate swaps	3	**-**	(3,297)
Total finance expenses		**(19,144)**	**(24,592)**
Responsible entity's fees	4	**(5,543)**	(5,556)
Other operating expenses		**(3,441)**	(2,562)
Net profit before unrealised gain/(loss) in fair value of investment properties		**50,410**	40,451
Unrealised gain/(loss) in fair value of investment properties	9	**41,772**	(52,140)
Net profit/(loss) attributable to unitholders of Bunnings Warehouse Property Trust		**92,182**	(11,689)
Other comprehensive loss			
Effective portion of changes in fair value of cash flow hedges	3	**(81)**	(12,689)
Total comprehensive income/(loss) for the period attributable to the unitholders of Bunnings Warehouse Property Trust		**92,101**	(24,378)
Basic and diluted earnings (cents per unit) resulting from net profit/(loss)	6	**22.18**	(3.74)

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

	June 2010 $000	June 2009 $000
DISTRIBUTION RECONCILIATION		
Net profit/(loss) attributable to unitholders of Bunnings Warehouse Property Trust	**92,182**	(11,689)
Net unrealised (profit)/loss in fair value of investment properties	**(41,772)**	52,140
Distributable profit for the year	**50,410**	40,451
Opening undistributed profit	**33**	19
Closing undistributed profit	**(16)**	(33)
Distributable amount	**50,427**	40,437
Distribution (cents per unit)	**12.08**	11.57
DISTRIBUTION STATEMENT		
Net profit/(loss) attributable to unitholders of Bunnings Warehouse Property Trust	**92,182**	(11,689)
Undistributed income at the beginning of the financial year	**247,616**	299,742
Distributions paid or payable	**(50,427)**	(40,437)
Undistributed income at the end of the financial year	**289,371**	247,616

Bunnings Warehouse Property Trust
Statement of Financial Position
As at 30 June 2010

	Note	June 2010 $000	June 2009 $000
ASSETS			
Current assets			
Cash	7	**21,687**	38,721
Receivables and prepayments	8	**3,259**	1,847
Total current assets		**24,946**	40,568
Non-current assets			
Other receivables	8	**850**	850
Investment properties	9	**1,000,111**	955,562
Derivative financial instruments		**487**	2,916
Total non-current assets		**1,001,448**	959,328
Total assets		**1,026,394**	999,896
LIABILITIES			
Current liabilities			
Payables and deferred income	10	**10,531**	14,185
Derivative financial instruments		**203**	1,508
Distribution payable	5	**25,159**	19,967
Total current liabilities		**35,893**	35,660
Non-current liabilities			
Interest-bearing loans and borrowings	11	**193,474**	225,937
Derivative financial instruments		**4,230**	5,275
Total non-current liabilities		**197,704**	231,212
Total liabilities		**233,597**	266,872
Net assets		**792,797**	733,024
Unitholders' equity			
Issued capital	12	**507,372**	489,273
Reserves	13	**(3,946)**	(3,865)
Undistributed income		**289,371**	247,616
Total unitholders' equity		**792,797**	733,024
Net tangible asset backing per unit[1]		**$1.88**	$1.79

[1] Total net assets divided by the number of units on issue as at 30 June

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

Bunnings Warehouse Property Trust
Statement of Cash Flows
For the year ended 30 June 2010

	Note	**June 2010 $000**	June 2009 $000
Cash flows from operating activities			
Rent received		**86,781**	81,447
Payments to suppliers		**(14,197)**	(9,982)
Payments to the responsible entity		**(5,515)**	(5,638)
Finance income		**513**	291
Finance costs		**(19,254)**	(20,981)
Costs associated with terminating interest rate swaps		**-**	(3,297)
Net cash flows from operating activities	14	**48,328**	41,840
Cash flows from investing activities			
Payments for purchase of, and additions to, the Trust's property investments		**(5,780)**	(45,523)
Net cash flows used in investing activities		**(5,780)**	(45,523)
Cash flows from financing activities			
Repayments of borrowings		**(32,463)**	(82,562)
Proceeds from issue of units via pro-rata entitlement offer		**-**	150,367
Expenses incurred in pro-rata entitlement offer		**67**	(4,631)
Distributions paid		**(27,186)**	(27,395)
Net cash flows (used in)/from financing activities		**(59,582)**	35,779
Net (decrease)/increase in cash		**(17,034)**	32,096
Cash at the beginning of the financial year		**38,721**	6,625
Cash at the end of the financial year	7	**21,687**	38,721

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

Bunnings Warehouse Property Trust
Statement of Changes in Equity
For the year ended 30 June 2010

	Issued capital $000	Undistributed income $000	Hedge reserve $000	Total $000
Balance at 1 July 2008	330,206	299,742	8,824	638,772
Total comprehensive loss for the year attributable to the unitholders of Bunnings Warehouse Property Trust				
Net loss attributable to unitholders of Bunnings Warehouse Property Trust	-	(11,689)	-	(11,689)
Other comprehensive loss: effective portion of changes in fair value of cashflow hedges	-	-	(12,689)	(12,689)
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(40,437)	-	(40,437)
Equity issued during the year:				
Pro-rata entitlement offer	150,367	-	-	150,367
Distribution Reinvestment Plan	13,331	-	-	13,331
Expenses incurred in pro-rata entitlement offer	(4,631)	-	-	(4,631)
Balance at 30 June 2009	**489,273**	**247,616**	**(3,865)**	**733,024**
Balance at 1 July 2009	489,273	247,616	(3,865)	733,024
Total comprehensive income for the year attributable to the unitholders of Bunnings Warehouse Property Trust				
Net profit attributable to unitholders of Bunnings Warehouse Property Trust	-	92,182	-	92,182
Other comprehensive loss: effective portion of changes in fair value of cashflow hedges	-	-	(81)	(81)
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(50,427)	-	(50,427)
Equity issued during the year:				
Distribution Reinvestment Plan	18,032	-	-	18,032
Expenses incurred in pro-rata entitlement offer	67	-	-	67
Balance at 30 June 2010	**507,372**	**289,371**	**(3,946)**	**792,797**

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 Bunnings Warehouse Property 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 2009. 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.

In particular, the Trust has applied revised AASB 101: Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Trust presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects there is no impact on earnings per unit.

The following standards have been identified as those that may impact the Trust in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing these financial statements.

- AASB 9 Financial Instruments: Classification and measurement. This standard simplifies the classification of financial assets into those to be carried at amortised cost and those to be carried at fair value. This standard is applicable to the Trust for the year ended 30 June 2014. The Trust has not yet determined the potential effect of the standard.
- AASB 2009-5: Further amendments to Australian Accounting Standards arising from the Annual Improvement Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Trust's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Significant judgements and estimates

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

Investment properties – operating leases

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

The Trust has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases (see Notes 1(e), 1(n), and 9(c)).

Investment properties – valuations

Investment properties are revalued each balance date to reflect their fair value according to the Trust's policy on valuing assets and applying generally accepted valuation criteria, methodology and assumptions (see Notes 1(e) and 9(a)).

Financial instruments - valuations

The fair value of interest rate 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 yield related are included as part of the carrying amount of loans and borrowings.

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

(h) Impairment

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

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

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

All impairment losses are included in the 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.

(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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue (continued)

Rental and other property income

Rental and other property income is recognised on a straight-line basis over the lease term.

Interest income

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

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases

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

Operating leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the net profit in equal instalments over the lease term.

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

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

(o) Units on issue

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

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

(p) Earnings per unit

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

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

(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 property of which 94.7 per cent of this income is derived from one tenant and as such this is considered to be the only segment in which the Trust is engaged. Refer to notes 16 and 18 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 material 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.

	June 2010 $	June 2009 $

2. AUDITOR'S REMUNERATION

Auditing and review of the financial statements		
KPMG Australia	**60,115**	44,000
Other services		
KPMG Australia – taxation services	**17,850**	26,250
KPMG Australia – advisory services in relation to pro-rata entitlement offer	**-**	65,000
KPMG Australia – advisory services	**-**	9,000
	17,850	100,250
	77,965	144,250

	June 2010 $000	June 2009 $000

3. FINANCE INCOME AND EXPENSE

Recognised directly in profit and loss		
Interest income on bank deposits	**513**	291
Finance income	**513**	291
Interest expense on financial liabilities measured at amortised cost	**(19,144)**	(21,295)
Costs associated with terminating interest rate swaps	**-**	(3,297)
Finance expense	**(19,144)**	(24,592)
Net finance income and expense	**(18,631)**	(24,301)
Recognised in other comprehensive loss		
Net change in fair value of cash flow hedges transferred to net profit/(loss):		
- ineffective portion of changes in fair value of cash flow hedges	**(2)**	11
- costs associated with terminating interest rate swaps	**-**	3,297
Net losses on cash flow hedges for the year	**(79)**	(15,997)
Finance expense recognised in other comprehensive income	**(81)**	(12,689)

During the previous year, the Trust raised capital through a non-renounceable pro-rata entitlement offer, with the majority of the proceeds raised being used to repay debt. As a result, a number of associated interest rate swaps were terminated resulting in costs of $3.297 million in the 2009 year.

4. RESPONSIBLE ENTITY'S FEES

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

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

The responsible entity may waive the whole or any part of the remuneration to which it would otherwise be entitled. (See Note 18(d)(i)d).

	June 2010 $000	June 2009 $000
5. DISTRIBUTIONS PAID OR PAYABLE		
6.10 cents (2009: 6.70 cents) per unit, interim distribution paid on 26 February 2010	**25,268**	20,470
5.98 cents (2009: 4.87 cents) per unit, final distribution provided	**25,159**	19,967
	50,427	40,437

	June 2010	June 2009
6. EARNINGS PER UNIT		
Net earnings used in calculating basic and diluted earnings per unit	**$92,182,000**	($11,689,000)
Basic and diluted earnings per unit	**22.18 cents**	(3.74 cents)
Basic and diluted earnings per unit excluding unrealised gain/(loss) in fair value of investment properties	**12.13 cents**	12.94 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**415,684,457**	312,488,003

7. CASH

	June 2010 $000	June 2009 $000
Cash at bank	**6,075**	18,721
Short term deposits	**15,612**	20,000
	21,687	38,721
Weighted average effective interest rates	**3.17%**	4.24%

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

8. RECEIVABLES AND PREPAYMENTS

	June 2010 $000	June 2009 $000
Current		
Receivables from Wesfarmers Limited subsidiaries	**793**	720
Other receivables	**152**	140
Prepayments	**2,314**	987
	3,259	1,847
Non-current		
Loan to Bunnings Group Limited	**850**	850

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

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

9. INVESTMENT PROPERTIES (NON-CURRENT)

(a) Cost and fair value of investments

Property	Acquisition date	Purchase price $000	Acquisition costs $000	Capital improvements since acquisition $000	Fair value adjustment since acquisition $000	Fair value 30 June 2010 $000	Fair value 30 June 2009 $000	Last independent valuation
Albany, WA	01.11.99	4,100	206	3	5,291	9,600	6,900	31.12.07
Altona, VIC	24.09.98	6,800	566	2,781	5,610	15,757	15,200	31.12.09
Artarmon, NSW	10.02.03	14,033	864	43	6,260	21,200	20,200	31.12.08
Balcatta, WA	24.09.98	11,200	555	20	11,725	23,500	22,200	30.06.09
Bayswater, VIC	11.02.03	7,335	796	13,375	3,094	24,600	23,500	30.06.09
Belmont, NSW	04.12.06	10,850	634	240	(1,124)	10,600	10,000	31.12.09
Belrose, NSW	10.02.03	17,150	1,054	243	6,553	25,000	23,900	31.12.08
Bibra Lake, WA	29.12.98	1,899	95	6,357	10,849	19,200	15,700	31.12.07
Blackburn, VIC	15.01.08	19,000	1,123	755	(4,278)	16,600	17,000	15.01.08
Blacktown, NSW	24.01.07	8,235	540	249	(3,024)	6,000	7,700	31.12.09
Broadmeadows, VIC	24.09.98	7,200	431	575	5,694	13,900	13,700	30.06.10
Burleigh Heads, QLD	22.10.98	9,700	195	247	5,358	15,500	15,700	30.06.09
Cairns, QLD	10.02.03	10,000	453	1,128	2,319	13,900	13,200	31.12.08
Canning Vale, WA	24.01.07	6,467	430	135	468	7,500	7,000	31.12.09
Cannon Hill, QLD	24.12.98	5,600	313	7,824	7,963	21,700	21,200	30.06.10
Coffs Harbour, NSW	05.09.01	1,900	112	4,500	3,388	9,900	9,800	30.06.10
Croydon, VIC	24.09.98	7,800	518	5,619	6,963	20,900	19,300	31.12.09
Dandenong, VIC	19.04.02	4,000	255	6,660	5,385	16,300	15,500	31.12.07
Epping, VIC	12.03.99	7,800	463	-	5,737	14,000	13,400	30.06.10
Fountain Gate, VIC	24.09.98	8,300	505	1,580	7,315	17,700	17,100	31.12.08
Frankston, VIC	26.06.01	7,300	301	9,406	7,993	25,000	23,400	30.06.10
Fyshwick, ACT	23.12.02	10,000	942	3,538	2,825	17,305	17,113	31.12.08
Geraldton, WA	10.12.01	1,250	351	5,228	4,771	11,600	10,800	30.06.10
Geraldton Showrooms, WA	11.09.07	2,897	190	804	(1,391)	2,500	2,300	30.06.10
Hawthorn, VIC	18.04.07	19,337	1,217	24,477	(5,331)	39,700	38,800	31.12.08
Hemmant, QLD	07.05.03	3,000	143	10,557	8,100	21,800	21,200	30.06.09
Hervey Bay, QLD	12.07.02	2,053	122	6,426	3,699	12,300	11,600	30.06.08
Hoppers Crossing, VIC	11.01.99	2,075	134	5,928	6,863	15,000	14,100	30.06.08
Joondalup, WA	24.09.98	8,100	593	21	6,986	15,700	14,800	30.06.09
Lismore, NSW	21.04.04	7,750	447	923	1,580	10,700	10,200	30.06.09
Maitland, NSW	20.08.03	898	489	9,936	3,177	14,500	14,200	31.12.09
Mandurah, WA	24.09.98	3,050	160	5,496	8,094	16,800	15,300	31.12.09
Maribyrnong, (land) VIC	28.06.01	7,100	462	-	-	7,562	7,562	N/A
Mentone, VIC	24.09.98	9,400	542	94	8,464	18,500	18,200	30.06.09
Midland, WA	06.03.01	4,600	255	4,937	8,008	17,800	17,600	31.12.09
Mile End, SA	22.03.00	11,250	624	3,024	9,602	24,500	21,700	30.06.08
Minchinbury, NSW	31.12.98	9,200	503	-	10,897	20,600	19,400	30.06.08
Mindarie, WA	03.03.00	4,184	209	5,606	7,201	17,200	17,000	31.12.08
Morayfield, QLD	22.03.00	8,000	334	3,621	7,345	19,300	16,500	30.06.08
Morley, WA	04.07.05	11,100	642	447	511	12,700	12,700	30.06.08
Mornington, VIC	29.12.98	3,400	204	6,499	9,197	19,300	18,300	31.12.07
Mt Gravatt, QLD	18.12.08	11,215	659	-	(174)	11,700	11,200	16.12.08
Noarlunga, SA	13.04.99	2,305	124	7,392	6,979	16,800	16,700	30.06.08

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

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

Property	Acquisition date	Purchase price $000	Acquisition costs $000	Capital improvements since acquisition $000	Fair value adjustment since acquisition $000	Fair value 30 June 2010 $000	Fair value 30 June 2009 $000	Last independent valuation
Northland, VIC	24.09.98	8,600	489	2,920	7,391	19,400	19,400	31.12.08
Nunawading, VIC	24.09.98	13,700	786	3,100	13,501	31,087	28,187	31.12.08
Oakleigh South, VIC	05.04.01	6,650	374	9,146	5,830	22,000	22,200	30.06.10
Port Macquarie, NSW	15.11.02	2,100	141	5,400	2,859	10,500	10,300	30.06.08
Regency Park, SA	24.01.07	4,656	350	218	(724)	4,500	4,400	31.12.09
Rockingham, WA	30.06.00	3,320	166	5,830	7,484	16,800	16,300	31.12.08
Rocklea, QLD	23.10.02	6,225	296	7,477	3,402	17,400	17,100	31.12.08
Sandown, VIC	24.09.98	7,800	446	5	4,549	12,800	12,600	30.06.09
Scoresby, VIC	24.09.98	8,300	473	-	7,127	15,900	15,100	31.12.09
Southport, QLD	09.11.98	2,800	188	6,832	6,480	16,300	14,200	30.06.09
Sunshine, VIC	24.09.98	7,000	407	117	3,976	11,500	11,300	30.06.10
Thornleigh, NSW	07.09.04	13,333	782	360	825	15,300	14,200	30.06.10
Tuggeranong, ACT	01.12.98	7,900	431	753	9,716	18,800	17,900	31.12.09
Underwood, QLD	22.10.98	3,000	178	6,066	5,556	14,800	14,200	30.06.09
Vermont South, VIC	14.05.03	9,150	635	14,362	1,953	26,100	25,300	31.12.07
Villawood, NSW	14.05.08	18,400	861	48	(1,109)	18,200	17,700	01.05.08
Wollongong, NSW	10.02.03	12,000	628	275	3,597	16,500	16,300	31.12.08
		453,767	27,386	229,603	289,355	1,000,111	955,562	

(i) Valuation policy

Investment properties are carried at fair value.

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

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

(ii) Methodology and significant assumptions

Independent valuations

The independent valuer determines the most appropriate valuation method for each property. Methods used for valuations during the year were the discounted cash flow and capitalisation of income valuation methods. Details of the independent valuations conducted as at 30 June 2010 are provided at Note 9(b).

Directors' valuations

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

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

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

(ii) Methodology and significant assumptions (continued)

Discounted cash flow method

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

Capitalisation of income valuation method

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

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

In completing the valuations, reliance was placed on market evidence of broadly comparable Bunnings Warehouses sold within the past 12 months, with capitalisation rates ranging between 7.4 per cent to 9.5 per cent (compared with the Trust's weighted average rate of 7.65 per cent).

(b) Independent valuations and valuers

Property	Valuation date	Valuer
Broadmeadows, VIC	30.06.10	Jones Lang LaSalle, Bernard Sweeney FAPI
Cannon Hill, QLD	30.06.10	CB Richard Ellis, Tom Irving AAPI
Coffs Harbour, NSW	30.06.10	Colliers International, Peter Macadam AAPI
Epping, VIC	30.06.10	Jones Lang LaSalle, Bernard Sweeney FAPI
Frankston, VIC	30.06.10	CB Richard Ellis, Stephen Thomas AAPI
Geraldton, WA	30.06.10	CB Richard Ellis, Jason Fenner AAPI
Geraldton Showrooms, WA	30.06.10	CB Richard Ellis, Jason Fenner AAPI
Oakleigh South, VIC	30.06.10	Jones Lang LaSalle, Bernard Sweeney FAPI
Sunshine, VIC	30.06.10	Jones Lang LaSalle, Bernard Sweeney FAPI
Thornleigh, NSW	30.06.10	Colliers International, Peter Macadam AAPI

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

(c) Operating leases

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

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

- Bunnings Warehouse leases generally commit the tenant to an initial term of ten or fifteen years, followed by a number of optional terms of five years each exercisable by the tenant.
- Leases to J Blackwood and Son Limited at Blacktown and Regency Park have an initial term of seven years, followed by two optional terms of five years each exercisable by the tenant. The Blacktown lease allows the tenant to terminate the lease any time after three years, subject to providing 12 months' prior notice.
- Leases of the Bayswater showrooms commit the tenant to an initial term of seven years, followed by one optional term of seven years for Richard Ventures Pty Ltd and two optional terms of five years for BCF Australia Pty Limited, exercisable by the tenant.
- The lease to BCF Australia Pty Limited at the Geraldton Showrooms is for an initial term of eight years, followed by two optional terms of five years each exercisable by the tenant. The lease to Ultra Tune Properties (WA) No 2 Pty Limited at the Geraldton Showrooms is for an initial term of five years, followed by two optional terms of five years each exercisable by the tenant.
- Leases at the Blackburn industrial property have varying lease terms all expiring in 2011/12 with tenant exercisable options between three and five years. The weighted average lease expiry for the property is 1.7 years.
- At 30 June 2010, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 1.7 years (2009: 0.7 years) and the maximum lease expiry is 16.4 years (2009: 11.3 years), with a weighted average lease expiry for the portfolio of 9.3 years (2009: 6.3 years).

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

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

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

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

(c) Operating leases (continued)

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

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

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

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

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

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

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

	June 2010 $000	June 2009 $000
Not later than one year	**76,334**	74,658
Later than one year not later than five years	**286,707**	277,285
Later than five years	**342,481**	119,423
	705,522	471,366

(d) Reconciliation of movement in investment properties

	June 2010 $000	June 2009 $000
Opening balance at the beginning of the financial year	**955,562**	962,300
Acquisitions during the year	**335**	14,645
Capital improvements	**2,442**	30,757
Net gain/(loss) from fair value adjustments	**41,772**	(52,140)
Closing balance at the end of the financial year	**1,000,111**	955,562

10. PAYABLES AND DEFERRED INCOME

	June 2010 $000	June 2009 $000
Current		
Trade creditors and accruals	**2,741**	6,348
Responsible entity's fees payable	**1,545**	1,517
Rent received in advance	**6,245**	6,320
	10,531	14,185

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

11. INTEREST-BEARING LOANS AND BORROWINGS

		June 2010		June 2009	
	Expiry date	Limit $000	Amount drawn $000	Limit $000	Amount drawn $000
Australia and New Zealand Banking Group Limited	31 July 2013	**100,000**	**48,800**	100,000	56,800
Commonwealth Bank of Australia	14 January 2012	**100,000**	**49,900**	100,000	61,100
Westpac Banking Corporation	2 July 2012	**80,000**	**45,500**	80,000	54,500
National Australia Bank Limited	Evergreen (a)	**50,000**	**50,000**	100,000	53,800
Less: accrued interest and borrowing costs			**(726)**		(263)
Bank loans: non current		**330,000**	**193,474**	380,000	225,937

(a) To be reviewed in March 2011 for pricing to apply from 1 April 2012 to 31 March 2013. Facility is extended annually, provided there has been no event of default or potential event of default.

At 30 June 2010 the minimum duration of the facilities was 19 months (2009: 13 months) and the maximum was 37 months (2009: 31 months) with a weighted average duration of 26.6 months (2009: 17.7 months). The borrowings under the facilities are not secured by assets of the Trust, but are subject to reporting and financial undertakings by the Trust to the banks under negative pledge agreements with each bank.

Refer to Note 16 for information on interest rate and liquidity risk.

12. ISSUED CAPITAL

(a) Book value of units on issue

	June 2010 $000	June 2009 $000
Book value at the beginning of the financial year	**489,273**	330,206
Equity issued during the year – Distribution Reinvestment Plan – August 2009, 4,226,325 units @ $1.5932 per unit	**6,733**	6,623
Equity issued during the year – Distribution Reinvestment Plan – February 2010, 6,484,393 units @ $1.7424 per unit	**11,299**	6,708
Equity issued during the year – pro-rata entitlement offer – May 2009, 100,244,757 units @ $1.50 per unit	**-**	150,367
Expenses incurred in pro-rata entitlement offer	**67**	(4,631)
Book value at the end of the financial year	**507,372**	489,273

(b) Number of ordinary units on issue

	June 2010	June 2009
Number of fully paid units on issue at the beginning of the financial year	**410,001,055**	301,435,539
Issue of units during the year – Distribution Reinvestment Plan	**10,710,718**	8,320,759
Issue of units during the year – Pro-rata entitlement offer	**-**	100,244,757
Number of fully paid units on issue at the end of the financial year	**420,711,773**	410,001,055

(c) Rights

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

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

(d) Distribution Reinvestment Plan

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

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

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

13. RESERVES

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

	June 2010 $000	June 2009 $000
Opening balance at the beginning of the financial year	**(3,865)**	8,824
Amounts recognised in net profit/(loss) for the year	**(2)**	3,308
Net loss on cash flow hedges for the year	**(79)**	(15,997)
Closing balance at the end of the financial year	**(3,946)**	(3,865)

14. CASH FLOW

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

	June 2010 $000	June 2009 $000
Net profit/(loss)	**92,182**	(11,689)
Net fair value change on investment properties	**(41,772)**	52,140
Increase in receivables and prepayments	**(1,412)**	(506)
(Decrease)/increase in payables and deferred income	**(670)**	1,895
Net cash flows from operating activities	**48,328**	41,840

(b) Reconciliation of cash

	June 2010 $000	June 2009 $000
Cash balance comprises:		
Cash (see Note 7)	**6,075**	18,721
Short term deposits (see Note 7)	**15,612**	20,000
	21,687	38,721

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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

The Trust has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Trust also enters into derivative transactions (interest rate swaps) to manage the interest rate risks arising from the Trust's operations. The main risk arising from the Trust's financial instruments is interest rate risk. The board of directors of the responsible entity reviews and agrees policies for managing this risk and this is summarised in Note 16.

16. FINANCIAL INSTRUMENTS

The Trust has recognised certain financial instruments in the accounts. These financial instruments are disclosed in Notes 7, 8, 10 and 11. The main risks associated with the Trust's financial instruments and the means by which these risks are managed, the measurement of financial instruments and how capital is managed are outlined below:

(a) Concentration of credit risk

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

Receivables

The credit risk associated with 96.9 per cent (2009: 95.0 per cent) of the rental income is with two tenants, Bunnings Group Limited 94.7 per cent (2009: 92.7 per cent), and J Blackwood and Son Limited 2.2 per cent (2009: 2.3 per cent), wholly owned subsidiaries of Wesfarmers Limited. Bunnings Group Limited, J Blackwood and Son Limited, and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up. Wesfarmers Limited has been assigned a credit rating of BBB+(positive)/A2 by Standard & Poor's (Baa1(stable)/P2 – Moody's).

Cash

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

Derivative financial instruments

The Trust limits its exposure to credit risk associated with future payments from its interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Concentration of credit risk (continued)

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 2010	June 2009
	Note	**$000**	$000
Cash and short term deposits	7	**21,687**	38,721
Loans and receivables	8	**1,795**	1,710
Interest rate swaps assets		**487**	2,916
		23,969	43,347

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

		Carrying amount	
		June 2010	June 2009
	Note	**$000**	$000
Tenants			
Wesfarmers Limited subsidiaries		**793**	720
Other tenants		**152**	140
Loans			
Bunnings Group Limited – (See Note 18(d)(i)e).		**850**	850
		1,795	1,710

Impairment losses

Rental receivables of approximately $1,000 were overdue at 30 June 2010 (2009: $7,000 overdue).

There was no allowance for impairment in respect of receivables during the current year or the previous year.

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

(b) Liquidity risk

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

16. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

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

30 June 2010	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	(193,474)	(194,200)	-	(99,900)	(94,300)	-
Bank loans – future interest	-	(25,112)	(11,143)	(9,882)	(4,087)	-
Payables and deferred income	(10,531)	(10,531)	(10,531)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(3,946)	(3,040)	(2,529)	(1,231)	316	404
	(207,951)	**(232,883)**	**(24,203)**	**(111,013)**	**(98,071)**	**404**
30 June 2009						
Non-derivative financial liabilities						
Bank loans - principal	(225,937)	(226,200)	-	(165,100)	(61,100)	-
Bank loans – future interest	-	(17,790)	(9,054)	(6,367)	(2,369)	-
Payables and deferred income	(14,185)	(14,185)	(14,185)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(3,867)	(2,616)	(4,814)	(2,049)	3,293	954
	(243,989)	**(260,791)**	**(28,053)**	**(173,516)**	**(60,176)**	**954**

(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 2010 the fixed rates varied from 5.15 per cent to 7.85 per cent (2009: 5.15 per cent to 7.85 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 2010, the Trust's hedging cover was 99.2 per cent of borrowings. Hedging levels are currently higher than the Board's preferred 50 per cent to 75 per cent range as a result of reducing borrowings following the Trust's $150 million capital raising in May 2009. Hedging levels are likely to remain high until borrowing levels increase, or as interest rate swaps expire over the next two to three years.

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

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

	Carrying amount	
	June 2010	June 2009
	$000	$000
Variable rate instruments		
Cash on short term deposits	**21,687**	38,721
Bank loans	**(193,474)**	(225,937)

Fair value sensitivity analysis for fixed rate instruments

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

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 2010 differs from the previous year.

	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 2010				
Variable rate instruments	(1,942)	971	-	-
Interest rate swaps	1,920	(960)	7,032	(3,123)
Net impact on net profit and equity	**(22)**	**11**	**7,032**	**(3,123)**

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

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Net fair values

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

	June 2010 $000 Book value and fair value	June 2009 $000 Book value and fair value
Assets and liabilities held at amortised costs		
Loans and receivables	**1,795**	1,710
Cash on short term deposit	**21,687**	38,721
Bank loans	**(193,474)**	(225,937)
Payables and deferred income	**(10,531)**	(14,185)
Liabilities held at fair value		
Interest rate swaps	**(3,946)**	(3,867)
	(184,469)	(203,558)

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:

	2010	2009
Interest rate swaps	**4.85% to 6.01%**	3.42% to 5.78%

(e) Capital management

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

In order to maintain a manageable level of debt, the responsible entity has established a preferred range of 20 to 40 per cent for the Trust's gearing ratio (debt to total assets), which is monitored on a monthly basis. At 30 June 2010, the gearing level was 18.8 per cent (2009: 22.6 per cent).

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

17. CAPITAL EXPENDITURE COMMITMENTS

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

	June 2010 $000	June 2009 $000
Investment properties		
Within twelve months	**6,123**	442

Capital Commitments

Broadmeadows

In April 2010, the Trust committed to upgrade works at the Broadmeadows property with an estimated cost of $5.4 million. The incremental rent for the property will be 8 per cent of the final development cost per annum (approximately $432,000 based on the estimated $5.4 million).

Other capital commitments

As at 30 June 2010, the Trust had committed to capital expenditure for other non-income producing capital works to existing properties amounting to $723,000 (2009: $442,000).

18. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES

(a) Details of key management personnel

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

Chairman – non-executive

J A Austin

Non-executive directors

B J H Denison (appointed 7 October 2009)
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.

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

(b) Remuneration policy (continued)

For the financial year ended 30 June 2010, 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.

(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	216,164	14,407	-	230,571
B J H Denison	9,286(1)	-	-	9,286
P J Johnston	65,000	-	-	65,000
P J Mansell	145,599	9,704	-	155,303
Total	**436,049**	**24,111**	**-**	**460,160**

(1) Balance as at appointment date of 7 October 2009.

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

(d) Transactions with related parties

(i) Relationship with the Wesfarmers Group

a) Wesfarmers Investments Pty Ltd, a controlled entity of Wesfarmers Limited, holds 97,151,617 (2009: 92,928,076) units in the Trust, representing 23.09 per cent of the units on issue at 30 June 2010 (2009: 22.67 per cent);

During the year ended 30 June 2010, the Trust had the following transactions with Wesfarmers Limited's subsidiaries:

b) rent and other property income of $73,777,165 (2009: $68,434,632) was received from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of $6,133,784 (2009: $6,152,663). As at 30 June 2010 there was also a rent receivable of $685,016 (2009: $556,976);

c) rent of $1,537,193 (2009: $1,684,472) was received from J Blackwood and Son Limited, a controlled entity of Wesfarmers Limited. As at 30 June 2010 there was also a rent receivable of $108,341 (2009: $163,473);

d) the responsible entity's fee of $5,543,253 (2009: $5,556,262) is paid/payable to the responsible entity. During the year the responsible entity waived its entitlement to fees in respect of a Bunnings Warehouse at Hawthorn Victoria, acquired in April 2007. For the year ended 30 June 2010 the amount of fee the responsible entity had waived was $228,695 (2009: $178,154);

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

(d) Transactions with related parties (continued)

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

f) during the year, upon unitholder approval, the Trust entered into an agreement with Bunnings Group Limited to extend leases on 35 properties that the Trust leases to Bunnings Group Limited;

g) the Trust reimbursed Bunnings Group Limited $0.36 million for cost overruns from an upgrade to the Trust's Noarlunga Bunnings Warehouse previously completed in the year ending 30 June 2009;

h) the Trust reimbursed Bunnings Group Limited $0.3 million for mechanical ventilation and roof safety works to the Trust's Hawthorn Bunnings Warehouse;

i) the Trust acquired a site adjoining the Broadmeadows Bunnings Warehouse from Telstra Corporation Limited for $0.3 million. Bunnings Group Limited entered into a Reimbursement Deed with the Trust agreeing in-principle terms, for an upgrade of the existing Bunnings Warehouse over the additional land, following settlement of the land.

   Bunnings Group Limited will pay the trust an eight per cent per annum access fee until the upgrade is completed.

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

k) the Trust paid $97,936 (2009: $76,276) to Wesfarmers Risk Management Limited, a subsidiary of Wesfarmers Limited, for insurance premiums on a number of the Trust's properties.

19. ADDITIONAL INFORMATION

(a) Principal activities and investment policy of the Trust

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

(b) Commencement and life of the Trust

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

19. ADDITIONAL INFORMATION (CONTINUED)

(c) Economic dependency

96.9 per cent (2009: 95.0 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited and J Blackwood and Son Limited, both controlled entities of Wesfarmers Limited.

(d) Corporate information

The financial report of Bunnings Warehouse Property Trust (the Trust) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 12 August 2010.