bwp TRUST

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Perth WA 6000

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www.bwptrust.com.au

7 August 2014

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 2014**

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

> Appendix 4E – full-year results to 30 June 2014;

> Full-year results announcement; and

> Financial statements for the year ended 30 June 2014 extracted from the annual report, which will be released separately today.

**K A Lange**
Company Secretary

# BWP TRUST
ARSN 088 581 097

# APPENDIX 4E
Financial year ended 30 JUNE 2014

## Results for announcement to the market

| | | Full-year to 30 June 14 | Full-year to 30 June 13 | Variance (%) |
|---|---|---|---|---|
| Revenue from ordinary activities | ($000) | **127,426** | 109,229 | 16.7 |
| Profit before unrealised items | ($000) | **91,968** | 75,768 | 21.4 |
| Unrealised items – gains in fair value of investment properties | ($000) | **57,113** | 34,805 | 64.1 |
| Profit from ordinary activities attributable to unitholders | ($000) | **149,081** | 110,573 | 34.8 |
| Net tangible assets per unit | ($) | **2.07** | 1.93 | 7.3 |

### Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 7 August 2014 accompanying this statement.

### Audit

This report is based on accounts that have been audited.

### Distributions

| | | | | |
|---|---|---|---|---|
| Interim distribution paid | ($000) | **42,835** | 37,355 | 14.7 |
| Final distribution payable | ($000) | **49,991**[1] | 38,396 | 30.2 |
| Interim distribution per unit | cents | **6.83** | 7.00 | (2.4) |
| Final distribution per unit | cents | **7.88**[1] | 7.14 | 10.4 |

[1] The final distribution for the year ended 30 June 2014 includes capital profits released from undistributed income reserve of $825,000, which represents 0.13 cents per unit in the final distribution

| | |
|---|---|
| Record date for determining entitlements to the final distribution | 30 June 2014 |
| Payment date for final distribution | 28 August 2014 |

The Distribution Reinvestment Plan ("DRP") applied for both the interim and final distributions for the year ended 30 June 2014.

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.

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# ASX release

**7 August 2014**

## FULL-YEAR RESULTS TO 30 JUNE 2014

The directors of BWP Management Limited, the responsible entity for the BWP Trust ("the Trust"), today announced the results of the Trust for the financial year to 30 June 2014.

> Income of $127.4 million for the year – up 16.7 per cent on the previous year

> Distributable profit of $92.8 million for the year, up 22.4 per cent on the previous year (including $0.8 million of capital profits released from the undistributed income reserve)

> Acquired a portfolio of 10 Bunnings Warehouse properties; two Bunnings Warehouse anchored large format retail centres, a Bunnings Warehouse development site, and a parcel of land adjoining an existing Trust-owned Bunnings Warehouse

> Market rent reviews on 17 tenancies completed during the year – weighted average 3.4 per cent increase in annual rent; this included market rent reviews completed on 12 Bunnings Warehouses during the year – weighted average 3.8 per cent increase in annual rent

> Like-for-like rental growth of 2.5 per cent for the 12 months to 30 June 2014, compared to 2.1 per cent for the previous year

> Capital management initiatives included the refinancing of existing bank facilities, a $200 million accelerated non-renounceable entitlement offer, and an inaugural $200 million five-year medium term note ("MTN") issue

> Weighted average cost of debt of 6.1 per cent for the year – down from 7.3 per cent the previous year

> Weighted Average Lease Expiry of 6.9 years at 30 June 2014 (2013: 6.8 years)

> Net Tangible Assets of $2.07 per unit at 30 June 2014 (2013: $1.93 per unit)

> Gearing (debt/total assets) 24.4 per cent at 30 June 2014 (2013: 21.2 per cent)

> Announced the divestment of five non-core properties, in five separate transactions, which settle at various times during the 2014/15 financial year

### Financial results

*Income and expenses*

Total income for the full-year to 30 June 2014 was $127.4 million, up by 16.7 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 upgrades to existing properties (collectively adding approximately $14.1 million), and rent reviews and other property income (adding approximately $3.8 million during the year). On a like-for-like basis, excluding rental income from properties acquired or upgraded during or since last year, rental income increased by approximately 2.5 per cent from last year.

Finance costs of $20.9 million were 4.0 per cent lower than last year due to a lower cost of debt, despite the average level of borrowings of $332.5 million being 12.6 per cent higher than last year. The weighted average cost of debt for the year (finance costs less finance income, as a percentage of average borrowings) was 6.14 per cent, compared to 7.30 per cent for the previous year. The lower cost of debt was the result of lower floating and fixed interest rates, and reductions in funding costs and margins during or since last year. The utilisation of debt facilities (average borrowings/average facility limits), including the corporate bond issue completed in May 2014, for the full-year to 30 June 2014 was slightly higher than the prior year at 73.8 per cent compared to 68.7 per cent.

Other expenses of $6.0 million for the year were 35.3 per cent higher than last year, due to an additional $0.9 million in non-recoverable outgoings for multi tenanted properties, land tax on properties located in Queensland, acquired during or since last year, the write off of unrecoverable rent of $0.3 million from a customer that went into administration, and one-off costs of approximately $0.3 million associated with the acquisition of the portfolio of Bunnings properties approved by unitholders in September 2013. In relation to the increase in the non-recoverable outgoings, the majority of this increase is reflected in an increase in rental income for the period relating to the purchase of properties during the year.

The management expense ratio for the year ended 30 June 2014 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.64 per cent (2013: 0.62 per cent). The increase in the ratio was primarily due to the reversion to the full management fee payable to the responsible entity in respect of a portfolio of properties acquired from Bunnings in 2011, for which a 50 per cent fee waiver applied during the previous corresponding period, and the non-capitalised costs associated with the acquisition of the portfolio of Bunnings properties approved by unitholders in September 2013. There was a 100 per cent management fee waiver applied to the portfolio of Bunnings properties approved by unitholders in September 2013, with the waiver ceasing on 30 June 2014, which will affect the management expense ratio in future years.

*Profit*

Profit as disclosed in the Trust's financial statements includes unrealised gains or losses in the fair value of investment properties as a result of the revaluation of the entire property portfolio every six months (see revaluations section). The unrealised revaluation gains or losses are recognised as undistributed income as part of unitholders' equity in the financial statements and do not affect the profit available for distribution to unitholders each period.

For the year ended 30 June 2014, net profit was $149.1 million, including $57.1 million in unrealised gains in the fair value of investment properties. This compares with $110.6 million last year, including unrealised gains of $34.8 million in the fair value of investment properties.

Distributable profit for the year (excluding unrealised revaluation gains or losses) was $92.8 million, including a capital profit distribution of $0.8 million, which is a partial distribution of the net capital profits arising from the divestment of the Sunshine, Sandown and Regency Park properties, the balance of which are being retained to provide flexibility in managing the capital and return profile of the Trust moving forward. This compares with distributable profit of $75.8 million for the year ended 30 June 2013.

*Financial position*

As at 30 June 2014, the Trust's total assets were $1,837.4 million (2013: $1,398.7 million) with unitholders' equity of $1,311.4 million and total liabilities of $526.0 million. Investment properties and assets held for sale made up the majority of total assets, comprising $1,819.0 million (2013: $1,378.5 million).

The underlying net tangible asset backing of the Trust's units ("NTA") as at 30 June 2014 was $2.07 per unit, an increase of 2.5 per cent from $2.02 per unit as at 31 December 2013 (30 June 2013: $1.93 per unit). The increase in NTA over the six months to 30 June 2014 was due to the increase in net assets through property revaluations.

*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 7.88 cents per ordinary unit (including a partial distribution of capital profits of 0.13 cents per unit) has been declared and will be made on 28 August 2014 to unitholders on the Trust's register at 5.00pm (AEST) on 30 June 2014. The final distribution takes the total distribution for the year to 14.71 cents per unit (2013: 14.14 cents per unit). The tax advantaged component of the distribution is 14.69 per cent, lower than in previous years due to the property divestments, and taxable capital gains resulting from them.

Units issued under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at $2.4937 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

The Trust is committed to maintaining a strong investment grade rating through appropriate capital and balance sheet management. In July 2013, the Trust was assigned an A- (stable) issuer credit rating by Standard and Poor's, and repriced all of its bi-lateral banking facilities.

In September 2013, the Trust completed a $200 million equity capital raising by way of a fully underwritten 1 for 6.18 accelerated non-renounceable entitlement offer, to partially fund the acquisition of a portfolio of 10 Bunnings Warehouse properties and one Bunnings Warehouse anchored large format centre.

In May 2014, the Trust successfully priced an inaugural Australian dollar MTN issue of $200 million of unsecured fixed rate medium term notes, maturing in May 2019.

*Debt funding*

The Trust's debt facilities as at 30 June 2014 are summarised below.

| | Limit $m | Amount drawn[1] $m | Expiry date |
|---|---|---|---|
| **Bank debt facilities** | | | |
| Australia and New Zealand Banking Group Limited | 125.0 | 89.5 | 23 January 2017 |
| Commonwealth Bank of Australia | 125.0 | 105.9 | 31 July 2017 |
| Westpac Banking Corporation | 150.0 | 53.8 | 31 December 2017 |
| **Corporate bonds** | | | |
| Fixed term five-year corporate bond | 200.0 | 200.0 | 27 May 2019 |
| | **600.0** | **449.2** | |

[1] Amount drawn includes accrued interest and borrowing costs of $0.9 million as at 30 June 2014 on bank debt facilities

As at 30 June 2014, the weighted average duration of the Trust's debt facilities was 3.7 years to expiry (2013: 3.4 years) and average utilisation of debt facilities (average borrowings/average facility limits) for the year was 73.8 per cent (2013: 68.7 per cent).

*Distribution Reinvestment Plan*

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2014. The Trust has continued to maintain an active DRP as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides a measured and efficient means of accessing additional equity capital from existing eligible unitholders.

*Interest rate risk management*

In order to reduce the volatility of borrowing costs due to changes in market interest rates, the Trust takes out interest rate swaps and fixed rate corporate bonds (hedging) to create certainty of the interest costs of the majority of borrowings over the medium to long-term. As at 30 June 2014, the Trust's interest rate hedging cover was 91.3 per cent of borrowings, with $210.0 million interest rate swaps and the $200.0 million fixed rate corporate bond against interest bearing debt of $449.2 million. The weighted average term to maturity of hedging was 3.75 years, including delayed start swaps.

Due to the accounting requirement to mark the value of interest rate swap hedges to market, the Trust's hedging liabilities decreased to approximately $12.1 million as at 30 June 2014 (2013: $12.5 million). The decrease in hedging liability during the year was due to the reduction in average term of maturity of the interest rate swap profile. The hedging liability assesses the potential liability if all hedges were to be terminated at 30 June 2014.

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

*Gearing*

The Trust's gearing ratio (debt to total assets) at 30 June 2014 was 24.4 per cent (2013: 21.2 per cent), which is at the middle of the Board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 25.0 per cent (2013: 22.1 per cent) which is well within the Trust's debt covenant requirements. The interest cover ratio (earnings before interest and tax/interest expense) was 5.7 times (2013: 4.6 times), also well within the Trust's debt covenant requirements.

## Property acquisitions

*Portfolio acquisition of 10 properties from Bunnings*

In September 2013, unitholders approved a proposal for the Trust to acquire from Bunnings a portfolio of 10 properties ("Bunnings Portfolio") comprising two operational Bunnings Warehouses, for leaseback to Bunnings, and eight properties on which Bunnings would develop Bunnings Warehouses.

As at 30 June 2014, the Trust had finalised the purchase of all properties. There have been delays in the completion of two developments at Manly West and West Ipswich, Queensland and these developments are expected to be completed in September 2014. The other developments have been completed, with Bunnings Warehouses open and trading.

In relation to the properties at Arundel, Bethania, Ellenbrook, North Lakes, Rydalmere, Springvale, Sunbury and Townsville North, the parties entered into a new 12 year lease of the Bunnings Warehouse with five, six-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

*Bunnings Warehouse and large format retail showrooms, Hoxton Park, New South Wales*

In November 2013, the Trust purchased the Hoxton Park Central large format retail centre anchored by a Bunnings Warehouse in Hoxton Park, New South Wales. The property was acquired from a private owner for $43.1 million (including acquisition costs). The 3.7 hectare property is situated on the corner of Hoxton Park Road and Lyn Parade, approximately 40 kilometres south-west of the Sydney central business district.

The property comprises a total lettable area of 26,508 square metres with approximately 399 car parking spaces. The annual net income of the property at the date of acquisition was $3.4 million.

*Bunnings Warehouse and large format retail showrooms, Coburg, Victoria*

In January 2014, the Trust purchased the Lincoln Mills large format retail centre anchored by a Bunnings Warehouse in Coburg, Victoria. The property was acquired from a private owner for $60.2 million (including acquisition costs). The 4.9 hectare property has four street frontages and is located approximately 10 kilometres north of the Melbourne central business district.

The property comprises a total lettable area of 24,728 square metres with approximately 684 car parking spaces. The annual net income of the property at the date of acquisition was $4.4 million.

*Bunnings Warehouse development site, Brendale, Queensland*

In June 2014, the Trust acquired a development site in Brendale, Queensland on which Bunnings will develop a Bunnings Warehouse. The purchase price of the property was $8.1 million (including acquisition costs. On completion of the development, the Trust will pay Bunnings a development fee of $19.23 million, representing a total consideration of $26.83 million for the completed development.

The property covers an area of approximately 4.37 hectares, and is located 22 kilometres north of the Brisbane central business district. When fully developed, the site will comprise a total retail area of 14,878 square metres and approximately 394 car parking spaces. The commencing annual rental income of the property will be $1.88 million.

## Property divestments

During the year, the Trust executed contracts of sale for the Bunnings Warehouse at Sunshine, Victoria for $13.0 million, the Bunnings Warehouse vacated by Bunnings at Sandown, Victoria for $8.6 million, and the industrial property at Regency Park, South Australia for $3.9 million. In July 2014, the Trust entered into a contract of sale to sell for $7.3 million, the Bunnings Warehouse in Coffs Harbour, New South Wales and the industrial property in Hemmant for $21.27 million.

Settlement of each transaction will occur in the year ending 30 June 2015. For those contracts of sale entered into prior to 30 June 2014, the transactions have not been recorded in the financial statements as the properties are still owned by the Trust as at 30 June 2014.

## Developments and expansions

*Completion of development of Bunnings Warehouse Wallsend, New South Wales*

In May 2014, construction of the Trust's Bunnings Warehouse at Wallsend, New South Wales, was completed at a cost to the Trust of $21.2 million. The Trust purchased the Wallsend development site for $3.0 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 $1.9 million.

The parties entered into a new 10 year lease of the Bunnings Warehouse with five, five-year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

*Completion of expansion of Bunnings Warehouse Rocklea, Queensland*

In October 2013, a $5.4 million expansion of the Trust's Rocklea Bunnings Warehouse was completed by Bunnings for the Trust. The expansion, including the acquisition of land adjoining the Bunnings Warehouse, extended the fully-enclosed covered area by 3,640 square metres. The annual rental increased by approximately $0.38 million to $1.93 million per annum.

Following completion of the expansion, the parties entered into a new 12 year lease of the Bunnings Warehouse with four, six-year options, exercisable by Bunnings. The rent will be reviewed annually by the Consumer Price Index ("CPI") and is subject to a market rent review at the exercise of each option. At the exercise of the first option, at the commencement of year 13, the revised rent can be no lower than the rent in the immediately preceding year, but may not increase by more than 10 per cent of the preceding year's rent. Thereafter, market rent reviews are subject to a 10 per cent cap and collar, meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year's rent.

*Completion of showroom development Harrisdale, Western Australia*

In June 2014, the Trust completed works to construct additional showrooms of 2,346 square metres at the Harrisdale property in Western Australia. The showrooms were constructed on surplus land acquired as part of the acquisition of the property from Bunnings in April 2011. The Trust has leased or has commitments to lease more than 70 per cent of the showrooms.

## Other improvements

Approximately $0.3 million was spent on various other non-income producing improvements to the portfolio during the year.

## Rent reviews

The rent payable for each leased property is increased annually, either by a fixed percentage or by the CPI, except when a property is due for a market review. Market reviews occur for most of the

Trust's Bunnings Warehouses every five years from the date of the commencement of the lease. The market rental is determined according to generally accepted rent review criteria, based on rents paid at comparable properties in the market.

*Annual escalations*

During the year, 79 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 2.3 per cent in the annual rent for these properties.

*Market rent reviews*

During the year, market rent reviews were concluded on 12 Bunnings Warehouses, four showroom tenancies, and an industrial property. Market rent reviews for 12 of the Trust's Bunnings Warehouses and a showroom tenancy due during the year are still being negotiated and remain unresolved.

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

| Property location | Tenant | Passing rent ($ pa) | Market review[1] ($ pa) | Uplift (%) | Effective date |
|---|---|---|---|---|---|
| Dandenong, VIC[1] | Bunnings | 1,347,156 | 1,490,000 | +10.6 | 11-Nov-12 |
| Port Melbourne, VIC[1] | Bunnings | 1,673,123 | 1,840,443 | +10.0 | 17-Mar-13 |
| Artarmon, NSW[1] | Bunnings | 1,578,778 | 1,578,778 | - | 9-Feb-13 |
| Cairns, QLD[1] | Bunnings | 1,264,516 | 1,215,000 | -3.9 | 9-Feb-13 |
| Wollongong, NSW[1] | Bunnings | 1,360,418 | 1,360,418 | - | 9-Feb-13 |
| Belrose, NSW[1] | Bunnings | 1,995,259 | 1,995,259 | - | 9-Feb-13 |
| Hoxton Park, NSW[1,2] | Officeworks | 352,676 | 370,309 | +5.0 | 25-Jun-13 |
| Sunshine, VIC | Bunnings | 991,871 | 1,025,000 | +3.3 | 24-Sep-13 |
| Joondalup, WA | Bunnings | 1,315,188 | 1,415,000 | +7.6 | 24-Sep-13 |
| Mentone, VIC | Bunnings | 1,501,507 | 1,537,400 | +2.4 | 24-Sep-13 |
| Hawthorn, VIC | Bunnings | 3,008,273 | 3,008,273 | - | 29-Oct-13 |
| Bayswater, VIC[3] | Autobarn | 171,771 | 205,000 | +19.3 | 1-Nov-13 |
| Coburg, VIC | Bunnings | 1,286,783 | 1,415,461 | +10.0 | 3-Nov-13 |
| Mandurah, WA | Bunnings | 1,371,090 | 1,482,500 | +8.1 | 1-Dec-13 |
| Blacktown, NSW | Blackwoods | 825,390 | 707,582 | -14.3 | 24-Jan-14 |
| Geraldton Showrooms, WA | Ultra Tune | 56,065 | 58,308 | +4.0 | 17-Feb-14 |
| Coburg, VIC | Amway Australia | 481,599 | 500,863 | +4.0 | 22-Feb-14 |
| **Weighted average** | | | | **+3.4** | |

1 The market rent review was due during the year ended 30 June 2013, but the outcome of the negotiation was only completed during the year ended 30 June 2014

2 The tenant has agreed to exercise its option for a further term of five years commencing on 25 June 2016 in conjunction with negotiating the market rent review

3 The parties have agreed a new lease for a term of 10 years in conjunction with negotiating the market rent review

The Bunnings Warehouses at Minchinbury, Rocklea and Sandown and the distribution centre at Hemmant were all due for market rent reviews during the year. The recently agreed upgrades of the Minchinbury and Rocklea Bunnings Warehouses resulted in new 12 year leases at a negotiated rent, making the scheduled market rent review for these properties unnecessary. Both the Sandown and Hemmant leases expired and Bunnings occupied the properties on an over-holding basis until Bunnings vacated these properties in April 2014. In the circumstances a three per cent increase was agreed for both these properties.

*Like-for-like rental growth*

Excluding rental income from properties acquired or upgraded during or since the previous corresponding period, rental income increased by approximately 2.5 per cent for the 12 months to 30 June 2014 (compared to 2.1 per cent for the 12 months to 30 June 2013). The result includes higher CPI growth during the 12 month period, averaging approximately 2.3 per cent across 63 per cent of all rent reviews completed for the 12 months and fixed increases greater than three per cent across 26 per cent of all rent reviews completed. There are a number of market reviews still unresolved at 30 June 2014, which are not included in the calculation of like-for-like rental growth for the year.

*Occupancy*

As at 30 June 2014, the portfolio was 96.3 per cent occupied, or 97.4 per cent occupied after excluding the Sandown and Regency Park properties, which although vacant, were sold, but not settled at the end of the financial year. Taking into account the sale of the vacant Hemmant property post year end, the portfolio would be 99.0 per cent occupied.

It is the nature of the Bunnings business model that its property requirements for some locations change over time as has been the case for the Hemmant industrial facility, and Sandown Bunnings Warehouse site. For any Bunnings Warehouse or stand alone industrial site vacancies, the Trust gives full consideration to re-leasing the property, reinvesting in it to enhance rental outcomes, or divesting it, to provide the best overall outcome for the Trust.

## Property revaluations

The entire Trust portfolio was revalued at 31 December 2013 and again at 30 June 2014, including 21 property revaluations performed by independent valuers (10 at 31 December 2013 and 11 at 30 June 2014). Properties not independently revalued at each balance date are subject to internal valuations, with an independent valuer reviewing the methodology adopted. Factors that may affect the valuation of properties from time to time include: the supply of and competition for investment properties, leasing market conditions, the quality and condition of the particular property, including the duration of the lease, and the level of rent paid at the property compared with the broader market.

The value of the Trust's portfolio increased by $440.4 million to $1,819.0 million during the year following: acquisitions of $353.0 million, capital expenditure of $30.3 million, and a net revaluation gain of $57.1 million during the year.

The net revaluation gain was predominantly due to rental growth from rent reviews and a reduction in capitalisation rates across the portfolio, offset by the write-off of acquisition costs from all property acquisitions during the year. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2014 was 7.59 per cent (December 2013: 7.71 per cent; June 2013: 7.86 per cent).

## Outlook

Refer to the Outlook section of the 2014 annual report, which will be released separately today.

## Further information

The BWP Trust website, 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.

An investor briefing and question and answer teleconference call will be held on **Thursday 7 August 2014** at **2.00pm AWST** (4.00pm AEST).

Dial 1800 500 931 from within Australia or +61 3 9221 4420 from outside Australia. Ask to join the **BWP Full-Year Results Investor Presentation** (conference ID number **294110**).

For further information please contact:


| | | |
|---|---|---|
| **Michael Wedgwood** | Telephone: | +61 8 9327 4356 |
| Managing Director | E-mail: | mwedgwood@bwptrust.com.au |
| BWP Management Limited | Website: | bwptrust.com.au |

# FINANCIAL STATEMENTS

# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2014

| | Note | June 2014 $000 | June 2013 $000 |
|---|---|---|---|
| Rental income | | **122,857** | 107,311 |
| Other property income | | **4,099** | 1,778 |
| Finance income | 3 | **470** | 140 |
| **Total revenue** | | **127,426** | 109,229 |
| | | | |
| Finance costs | 3 | **(20,901)** | (21,780) |
| Responsible entity's fees | 4 | **(8,567)** | (7,255) |
| Other operating expenses | 5 | **(5,990)** | (4,426) |
| Profit before unrealised gains in fair value of investment properties | | **91,968** | 75,768 |
| Unrealised gains in fair value of investment properties | 10 | **57,113** | 34,805 |
| **Profit attributable to the unitholders of BWP Trust** | | **149,081** | 110,573 |
| | | | |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Effective portion of changes in fair value of cash flow hedges: | | | |
| - Realised losses transferred to profit or loss | 3 | **5,421** | 4,349 |
| - Unrealised losses on cash flow hedges | 3 | **(4,952)** | (852) |
| **Total comprehensive income for the year attributable to the unitholders of BWP Trust** | | **149,550** | 114,070 |
| | | | |
| Basic and diluted earnings (cents per unit) resulting from profit | 7 | **24.34** | 20.78 |

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2014

| | Note | June 2014 $000 | June 2013 $000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | 8 | **12,045** | 11,063 |
| Deposits for purchases of investment properties | | **-** | 4,185 |
| Receivables and prepayments | 9 | **6,351** | 4,897 |
| Assets held for sale | 10(d) | **53,496** | 4,100 |
| **Total current assets** | | **71,892** | 24,245 |
| **Non-current assets** | | | |
| Investment properties | 10 | **1,765,480** | 1,374,444 |
| **Total non-current assets** | | **1,765,480** | 1,374,444 |
| **Total assets** | | **1,837,372** | 1,398,689 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables and deferred income | 11 | **15,647** | 14,077 |
| Derivative financial instruments | | **1,244** | 99 |
| Distribution payable | 6 | **49,991** | 38,396 |
| **Total current liabilities** | | **66,882** | 52,572 |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 12 | **448,332** | 296,492 |
| Derivative financial instruments | | **10,803** | 12,417 |
| **Total non-current liabilities** | | **459,135** | 308,909 |
| **Total liabilities** | | **526,017** | 361,481 |
| **Net assets** | | **1,311,355** | 1,037,208 |
| **UNITHOLDERS' EQUITY** | | | |
| Issued capital | 13 | **924,786** | 707,363 |
| Hedge reserve | 14 | **(12,047)** | (12,516) |
| Undistributed income | | **398,616** | 342,361 |
| **Total unitholders' equity** | | **1,311,355** | 1,037,208 |

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

# Statement of cash flows

For the year ended 30 June 2014

| | Note | June 2014 $000 | June 2013 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Rent received | | **141,339** | 122,888 |
| Payments to suppliers | | **(20,911)** | (18,527) |
| Payments to the responsible entity | | **(8,095)** | (7,008) |
| Finance income | | **470** | 140 |
| Finance costs | | **(20,388)** | (21,370) |
| **Net cash flows from operating activities** | 15 | **92,415** | 76,123 |
| **Cash flows from investing activities** | | | |
| Payments of deposits for purchases of investment properties | | **-** | (4,185) |
| Payments for purchase of, and additions to, investment properties | | **(379,465)** | (38,551) |
| **Net cash flows used in investing activities** | | **(379,465)** | (42,736) |
| **Cash flows from financing activities** | | | |
| Proceeds of borrowings | | **151,840** | 7,602 |
| Proceeds from issue of units via pro-rata entitlement offer | | **200,156** | - |
| Expenses incurred in pro-rata entitlement offer | | **(4,348)** | - |
| Distributions paid | | **(59,616)** | (54,658) |
| **Net cash flows from/(used in) financing activities** | | **288,032** | (47,056) |
| Net increase/(decrease) in cash | | **982** | (13,669) |
| Cash at the beginning of the financial year | | **11,063** | 24,732 |
| **Cash at the end of the financial year** | 8 | **12,045** | 11,063 |

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 2014

| | Issued capital $000 | Undistributed income $000 | Hedge reserve $000 | Total $000 |
|---|---|---|---|---|
| Balance at 1 July 2012 | 682,435 | 307,539 | (16,013) | 973,961 |
| **Total comprehensive income for the year attributable to the unitholders of BWP Trust** | | | | |
| Profit attributable to unitholders of BWP Trust | - | 110,573 | - | 110,573 |
| Other comprehensive income: effective portion of changes in fair value of cash flow hedges | - | - | 3,497 | 3,497 |
| Total comprehensive income for the year | - | 110,573 | 3,497 | 114,070 |
| **Transactions with unitholders recorded directly in equity** | | | | |
| Distributions to unitholders | - | (75,751) | - | (75,751) |
| Equity issued during the year: | | | | |
| - Distribution Reinvestment Plan | 24,928 | - | - | 24,928 |
| Total transactions with unitholders of BWP Trust | 24,928 | (75,751) | - | (50,823) |
| **Balance at 30 June 2013** | **707,363** | **342,361** | **(12,516)** | **1,037,208** |
| Balance at 1 July 2013 | 707,363 | 342,361 | (12,516) | 1,037,208 |
| **Total comprehensive income for the year attributable to the unitholders of BWP Trust** | | | | |
| Profit attributable to unitholders of BWP Trust | - | 149,081 | - | 149,081 |
| Other comprehensive income: effective portion of changes in fair value of cash flow hedges | - | - | 469 | 469 |
| Total comprehensive income for the year | - | 149,081 | 469 | 149,550 |
| **Transactions with unitholders recorded directly in equity** | | | | |
| Distributions to unitholders | - | (92,826) | - | (92,826) |
| Equity issued during the year: | | | | |
| - Pro-rata entitlement offer | 200,156 | - | - | 200,156 |
| - Distribution Reinvestment Plan | 21,615 | - | - | 21,615 |
| - Expenses incurred in pro-rata entitlement offer | (4,348) | - | - | (4,348) |
| Total transactions with unitholders of BWP Trust | 217,423 | (92,826) | - | 124,597 |
| **Balance at 30 June 2014** | **924,786** | **398,616** | **(12,047)** | **1,311,355** |

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

# Notes to the financial statements

For the year ended 30 June 2014

## 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 Trust is a for profit trust whose units are publicly traded on the Australian Securities Exchange. The financial statements have been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which have been measured at 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 2013. 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 adopted AASB 13 Fair Value Measurement with a date of initial application of 1 July 2013. AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. As a result, the Trust has included additional disclosures in this regard (see Notes 10 and 17). In accordance with the transitional provisions of AASB 13, the Trust has applied the new fair value measurement guidance for the current year reporting period but not for prior periods and therefore has not disclosed any comparative information. The adoption of this standard has had no significant impact on the measurement of the Trust's assets and liabilities.

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

### (c) Significant judgements and estimates

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

#### Investment properties – operating leases

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

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

**(d) Finance costs**

Finance costs are recognised as an expense when incurred, with the exception of interest charges on funds invested in properties with substantial development and construction phases, which are capitalised to the property until such times as the construction work is complete.

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Trust's outstanding borrowings during the year.

**(e) Investment properties**

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

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

**(f) Assets held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale the assets are remeasured in accordance with the Trust's other accounting policies. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less costs to sell.

**(g) Cash**

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

**(h) Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are interest-bearing are included as part of the carrying amount of loans and borrowings.

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

**(i) Impairment**

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

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

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

In circumstances where impairment losses are deemed, these are included in the statement of profit or loss and other comprehensive income.

# Notes to the financial statements

For the year ended 30 June 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not these have been billed to the Trust. These liabilities are normally settled on 30 day terms except for the responsible entity's fees payable, which are settled quarterly in arrears, and retention monies withheld on construction projects which are settled according to the terms of the construction contracts.

### (k) Distribution payable

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

The recording of the distribution payable at each reporting date as a current liability may result in the Trust's current liabilities exceeding its current assets. This is a timing issue, as the Trust repays its interest-bearing loans and borrowings during the period from net profit and draws down its interest-bearing loans and borrowings when the distribution payments are made in August and February of each year.

### (l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

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

#### Rental and other property income

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

#### Interest income

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

### (m) Taxation

#### Income Tax

Under current Australian income tax legislation, the Trust is not liable for income tax, provided that its taxable income (including any realised capital gains) is fully distributed to unitholders each year.

#### Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

### (n) Derivative financial instruments

The Trust enters into derivative financial instruments in the form of interest rate swap agreements, which are used to convert the variable interest rate of its borrowings to fixed interest rates. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. The swaps are entered into with the objective of reducing the risk associated with interest rate fluctuations.

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

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

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

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

### (o) Leases

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

#### Operating leases

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

Leasing fees incurred in relation to the ongoing 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 straightline basis over the lease term as a reduction of rental income.

### (p) Units on issue

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

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

### (q) Earnings per unit

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

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

### (r) Segment reporting

The Trust determines and presents its operating segment based on the internal information that is provided to the Managing Director, 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 21 for further information.

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

# Notes to the financial statements

For the year ended 30 June 2014

## 2. AUDITOR'S REMUNERATION

| | June 2014 $ | June 2013 $ |
|---|---|---|
| **Auditing and review of the financial statements** | | |
| KPMG Australia | **79,630** | 76,029 |
| **Other services** | | |
| KPMG Australia – taxation services | **24,000** | 22,300 |
| | **103,630** | 98,329 |

## 3. FINANCE INCOME AND EXPENSE

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| **Recognised directly in profit and loss** | | |
| Finance income - interest income on bank deposits | **470** | 140 |
| Finance expense: | | |
| - Interest expense on financial liabilities measured at amortised cost | **(15,480)** | (17,431) |
| - Interest expense on interest rate swaps | **(5,421)** | (4,349) |
| Total finance expenses | **(20,901)** | (21,780) |
| Net finance income and expense | **(20,431)** | (21,640) |
| **Recognised in other comprehensive income** | | |
| Net gains on cash flow hedges for the year: | | |
| - Realised losses transferred to profit or loss | **5,421** | 4,349 |
| - Unrealised losses on cash flow hedges | **(4,952)** | (852) |
| Finance expense recognised in other comprehensive income | **469** | 3,497 |

## 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 20(d)(ii)(h)).

## 5. OTHER OPERATING EXPENSES

| | **June 2014 $000** | June 2013 $000 |
|---|---|---|
| Non-recoverable property costs[1] | **4,716** | 3,923 |
| Listing and registry expenses | **493** | 296 |
| Meeting costs | **277** | - |
| Bad debts written off | **302** | 38 |
| Other operating expenses | **202** | 169 |
| | **5,990** | 4,426 |

[1] Included in non-recoverable property costs are amounts paid or payable of $1,918,499 (2013: $1,575,018) for Queensland Land Tax which under the respective state legislation when the lease was entered into 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 2014 $000** | June 2013 $000 |
|---|---|---|
| 6.83 cents (2013: 7.00 cents) per unit, interim distribution paid on 25 February 2014 | **42,835** | 37,355 |
| 7.88 cents (2013: 7.14 cents) per unit, final distribution provided | **49,991** | 38,396 |
| | **92,826** | 75,751 |
| Profit attributable to unitholders of BWP Trust | **149,081** | 110,573 |
| Capital profits released from undistributed income reserve | **825** | - |
| Net unrealised gains in fair value of investment properties | **(57,113)** | (34,805) |
| Distributable profit for the year | **92,793** | 75,768 |
| Opening undistributed profit | **34** | 17 |
| Closing undistributed profit | **(1)** | (34) |
| Distributable amount | **92,826** | 75,751 |
| Distribution (cents per unit) | **14.71** | 14.14 |

# Notes to the financial statements

For the year ended 30 June 2014

## 7. EARNINGS PER UNIT

| | June 2014 | June 2013 |
|---|---|---|
| Net earnings used in calculating basic and diluted earnings per unit | **$149,081,000** | $110,573,000 |
| Basic and diluted earnings per unit | **24.34 cents** | 20.78 cents |
| Basic and diluted earnings per unit excluding unrealised gains in fair value of investment properties | **15.01 cents** | 14.24 cents |
| Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit | **612,563,010** | 532,204,054 |

## 8. CASH

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Cash at bank | **12,045** | 11,063 |
| Weighted average effective interest rates | **2.59%** | 2.82% |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

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 2014 $000 | June 2013 $000 |
|---|---|---|
| **Current** | | |
| Receivables from Wesfarmers Limited subsidiaries | **1,251** | 572 |
| Other receivables | **251** | 309 |
| Prepayments | **4,849** | 4,016 |
| | **6,351** | 4,897 |

Wesfarmers Limited is a related party (see Note 20 (d)(i)).

## 10. INVESTMENT PROPERTIES (NON-CURRENT)

### (a) Reconciliation of carrying amount

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Opening balance at the beginning of the financial year | **1,374,444** | 1,306,563 |
| Acquisitions during the year | **374,179** | 31,566 |
| Reclassification to assets held for sale | **(49,396)** | (4,100) |
| Capital improvements since acquisition | **9,140** | 5,610 |
| Net unrealised gains from fair value adjustments | **57,113** | 34,805 |
| Closing balance at the end of the financial year | **1,765,480** | 1,374,444 |

#### (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.

Under the AASBs, the Trust is required to categorise the fair value measurement of investment properties based on the inputs to the valuations technique used. All investment properties for the Trust have been categorised on a Level 3 fair value basis as some of the inputs required to value the properties are not based on "observable market data". Details of the methodology and the significant assumption/ inputs used are detailed below.

#### (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 2014 are provided at Note 10(b).

**Directors' valuations**

The directors adopt the capitalisation of income valuation method for all remaining properties. 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.

# Notes to the financial statements

For the year ended 30 June 2014

## 10. INVESTMENT PROPERTIES (NON-CURRENT) (CONTINUED)

### (a) Reconciliation of carrying amount (continued)

#### (ii) Methodology and significant assumptions (continued)

**Capitalisation of income valuation method**

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

> lease term remaining;

> the relationship of current rent to the market rent;

> the location;

> for Bunnings Warehouses, distribution of competing hardware stores;

> prevailing investment market conditions; and

> other property specific conditions.

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 6.50 per cent to 8.00 per cent (compared with the Trust's weighted average rate of 7.59 per cent).

Under the capitalisation of income valuation method, by which the majority of the Trust's investment properties are valued, the estimated fair value would increase or decrease significantly if the occupancy rate was higher or lower. The current occupancy rate as at 30 June 2014 is 97.4 per cent, after excluding the Sandown and Regency Park properties, which although vacant were sold but not settled at the end of the financial year.

### (b) Independent valuations and valuers

| Property | Valuation date | Valuer |
|---|---|---|
| Minchinbury, NSW | 30.06.14 | JLL, Bernard Sweeney FAPI MRICS |
| Port Macquarie, NSW | 30.06.14 | Colliers International, Peter Macadam AAPI |
| Villawood, NSW | 30.06.14 | CBRE, Paul Satara AAPI |
| Hervey Bay, QLD | 30.06.14 | CBRE, Tom Irving AAPI MRICS |
| Morayfield, QLD | 30.06.14 | CBRE, Tom Irving AAPI MRICS |
| Noarlunga, SA | 30.06.14 | CBRE, Cain Gurney FAPI |
| Mile End, SA | 30.06.14 | CBRE, Cain Gurney FAPI |
| Fountain Gate, VIC | 30.06.14 | JLL, Bernard Sweeney FAPI MRICS |
| Nunawading, VIC | 30.06.14 | CBRE, Stephen Thomas AAPI |
| Mindarie, WA | 30.06.14 | Opteon, David Moore FAPI |
| Morley, WA | 30.06.14 | Opteon, David Moore FAPI |

### (c) Operating leases

(i) All of the Trust's properties are leased by Bunnings Group Limited except Trust properties at Blackburn, Maribyrnong, Blacktown, Regency Park, Brendale, West Ipswich, Manly West, Sandown and Hemmant; surplus land adjoining properties at: Albany (1.2 hectares), Altona (1.0 hectare), Minchinbury (0.5 hectares), Nunawading (0.1 hectares), Fyshwick (1.0 hectare); Geraldton Showrooms; showrooms co-located with Bunnings Warehouses at Bayswater, Browns Plains, Coburg, Dubbo, Gladstone, Harrisdale, Hoxton Park and Pakenham; and a pad site at Dubbo.

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

> Bunnings Warehouse leases generally commit the tenant to an initial term of 10, 12 or 15 years, followed by a number of optional terms of five or six years each exercisable by the tenant.

> Leases to non-Bunnings tenants generally commit the tenant to an initial term of between 5 and 10 years, followed by one or a number of optional terms of five years each exercisable by the tenant.

> At 30 June 2014, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.3 years (2013: 0.2 years) and the maximum lease expiry is 13.3 years (2013: 14.3 years), with a weighted average lease expiry for the portfolio of 6.9 years (2013: 6.8 years).

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

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

(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 2014 $000** | June 2013 $000 |
|---|---|---|
| Not later than one year | **132,725** | 106,543 |
| Later than one year not later than five years | **475,147** | 387,236 |
| Later than five years | **310,835** | 244,972 |
| | **918,707** | 738,751 |

## (d) Assets held for sale

| | | |
|---|---|---|
| **Current** | **53,496** | 4,100 |

During the year or subsequently after the year-end, the Trust entered into sale contracts to sell a number of the Trust's properties. As described in Note 1(f), these properties are valued at their fair value less costs to sell.

# Notes to the financial statements

For the year ended 30 June 2014

## 11. PAYABLES AND DEFERRED INCOME

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| **Current** | | |
| Trade creditors and accruals | **2,860** | 3,226 |
| Responsible entity's fees payable | **2,488** | 2,016 |
| Rent received in advance | **10,299** | 8,835 |
| | **15,647** | 14,077 |

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

## 12. INTEREST-BEARING LOANS AND BORROWINGS

| | Note | June 2014 $000 | June 2013 $000 |
|---|---|---|---|
| Non-current - unsecured | | | |
| Bank bills and term advances | 12(a) | **248,938** | 296,492 |
| Corporate bonds | 12(b) | **199,394** | - |
| | | **448,332** | 296,492 |

Refer to Note 17 for information on interest rate and liquidity risk.

At 30 June 2014 the minimum duration of the above debt facilities was 31 months (2013: 37 months) and the maximum was 59 months (2013: 43 months) with a weighted average duration of 44.3 months (2013: 41.1 months).

### (a) Bank bills and term advances (bank loans)

| | | June 2014 | | June 2013 | |
|---|---|---|---|---|---|
| | Expiry date | Limit $000 | Amount drawn $000 | Limit $000 | Amount drawn $000 |
| Australia and New Zealand Banking Group Limited | 23 January 2017 | **125,000** | **89,500** | 150,000 | 56,500 |
| Commonwealth Bank of Australia | 31 July 2017 | **125,000** | **105,900** | 100,000 | 65,500 |
| Westpac Banking Corporation | 31 December 2017 | **150,000** | **53,800** | 180,000 | 175,500 |
| Less: accrued interest and borrowing costs | | | **(262)** | | (1,008) |
| | | **400,000** | **248,938** | 430,000 | 296,492 |

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.

### (b) Corporate bonds

On 27 May 2014, the Trust issued $200 million fixed rate domestic bonds maturing on 27 May 2019. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 4.58 per cent per annum.

## 13. ISSUED CAPITAL

### (a) Book value of units on issue

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Book value at the beginning of the financial year | **707,363** | 682,435 |
| Equity issued during the year - DRP: | | |
| - August 2013: 2,387,450 units at $2.3387 per unit | **5,583** | 15,832 |
| - February 2014: 7,229,276 units at $2.2176 per unit | **16,032** | 9,096 |
| Equity issued during the year - pro-rata entitlement offer: | | |
| - September 2013: 87,024,515 units at $2.30 per unit | **200,156** | - |
| Expenses incurred in pro-rata entitlement offer | **(4,348)** | - |
| Book value at the end of the financial year | **924,786** | 707,363 |

### (b) Number of ordinary units on issue

| | June 2014 | June 2013 |
|---|---|---|
| Number of fully paid units on issue at the beginning of the financial year | **537,753,954** | 525,255,093 |
| Issue of units during the year – DRP | **9,616,726** | 12,498,861 |
| Issue of units during the year – pro-rata entitlement offer | **87,024,515** | - |
| Number of fully paid units on issue at the end of the financial year | **634,395,195** | 537,753,954 |

### (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 2014 and the preceding year.

## 14. HEDGE RESERVE

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 2014 $000 | June 2013 $000 |
|---|---|---|
| Opening balance at the beginning of the financial year | **(12,516)** | (16,013) |
| Effective portion of changes in fair value of cash flow hedges: | | |
| - Realised losses transferred to profit or loss | **5,421** | 4,349 |
| - Unrealised losses on cash flow hedges | **(4,952)** | (852) |
| Closing balance at the end of the financial year | **(12,047)** | (12,516) |

# Notes to the financial statements

For the year ended 30 June 2014

## 15. CASH FLOW

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

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Profit for the year attributable to unitholders of BWP Trust | **149,081** | 110,573 |
| Net fair value change on investment properties | **(57,113)** | (34,805) |
| Increase in receivables and prepayments | **(474)** | (151) |
| Increase in payables and deferred income | **921** | 506 |
| Net cash flows from operating activities | **92,415** | 76,123 |

### (b) Reconciliation of cash

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Cash balance comprises: | | |
| Cash (see Note 8) | **12,045** | 11,063 |

## 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, other than derivatives, are bank bills and term advances ("bank loans") and corporate bonds. The main purpose of these financial instruments is to raise finance for the Trust's operations. To assist in minimising the risk of having inadequate funding for the Trust's operations, the Trust's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and corporate bonds with different tenures, with the Trust aiming to spread maturities to avoid excessive refinancing in any period. In respect to the Trust's bank loans, whilst these have fixed maturity dates, the terms of these facilities allow for the maturity period to be extended by a further year each year subject to the amended terms and conditions being accepted by both parties.

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, as well as derivative financial instruments. 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 94.6 per cent (2013: 95.3 per cent) of the rental income is with three tenants, Bunnings Group Limited 93.1 per cent (2013: 93.9 per cent), J Blackwood and Son Pty Limited 0.9 per cent (2013: 1.1 per cent) and Officeworks Superstores Pty Ltd 0.6 per cent (2013: 0.3 per cent), all wholly owned subsidiaries of Wesfarmers Limited. Bunnings Group Limited, J Blackwood and Son Pty Limited, Officeworks Superstores Pty Ltd and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up. Wesfarmers Limited has been assigned a credit rating of A-(stable)/A2 by Standard & Poor's (A3(Stable)/P2 – Moody's).

#### Cash

The Trust limits its exposure to credit risk associated with its cash by maintaining limited cash balances and having cash deposited with reputable, major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

#### Derivative financial instruments

The Trust limits its exposure to credit risk associated with future payments from its interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

# Notes to the financial statements

For the year ended 30 June 2014

## 17. 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 | |
|---|---|---|---|
| | Note | **June 2014 $000** | June 2013 $000 |
| Cash and short-term deposits | 8 | **12,045** | 11,063 |
| Loans and receivables | 9 | **1,502** | 881 |
| | | **13,547** | 11,944 |

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

| | Carrying amount | |
|---|---|---|
| | **June 2014 $000** | June 2013 $000 |
| **Tenants** | | |
| Wesfarmers Limited subsidiaries | **1,251** | 572 |
| Other tenants | **251** | 309 |
| | **1,502** | 881 |

**Impairment losses**

Rental receivables of approximately $13,668 were overdue at 30 June 2014 (2013: $124,624).

During the year, $302,500 (2013: $38,262) of rental income was deemed non-recoverable and has been written off in relation to one tenancy. There were no other allowances for impairment in respect of receivables during the current year or the previous year.

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

# Notes to the financial statements

For the year ended 30 June 2014

## (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:

| | Carrying amount $000 | Contractual cash flows $000 | 1 year $000 | 1-2 years $000 | 2-5 years $000 | More than 5 years $000 |
|---|---|---|---|---|---|---|
| **30 June 2014** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Bank loans - principal | (248,938) | (249,200) | - | - | (249,200) | - |
| Bank loans - future interest | - | (31,919) | (9,998) | (10,484) | (11,437) | |
| Corporate bonds | (199,394) | (245,000) | (9,000) | (9,000) | (227,000) | - |
| Payables and deferred income | (15,647) | (15,647) | (15,647) | - | - | - |
| **Derivative financial liabilities** | | | | | | |
| Interest rate swaps | (12,047) | (12,621) | (4,406) | (3,924) | (4,122) | (169) |
| | **(476,026)** | **(554,387)** | **(39,051)** | **(23,408)** | **(491,759)** | **(169)** |
| **30 June 2013** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Bank loans - principal | (296,492) | (297,500) | - | - | (297,500) | - |
| Bank loans - future interest | - | (46,378) | (12,938) | (12,901) | (20,539) | - |
| Payables and deferred income | (14,077) | (14,077) | (14,077) | - | - | - |
| **Derivative financial liabilities** | | | | | | |
| Interest rate swaps | (12,516) | (12,998) | (4,490) | (4,700) | (3,811) | 3 |
| | **(323,085)** | **(370,953)** | **(31,505)** | **(17,601)** | **(321,850)** | **3** |

# Notes to the financial statements

For the year ended 30 June 2014

## 17. FINANCIAL INSTRUMENTS (CONTINUED)

### (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 2014 the fixed rates varied from 3.10 per cent to 5.77 per cent (2013: 3.10 per cent to 5.77 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 2014, the Trust's hedging cover (interest rate swaps and fixed rate corporate bonds) was 91.3 per cent of borrowings. This level is currently above the Board's preferred 50 per cent to 75 per cent range due to the corporate bond issuance in late May 2014 resulting in the repayment of bank loans. Hedging levels are expected to return within the Board's preferred range in the coming years as the Trust continues to grow.

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

| | Carrying amount | |
|---|---|---|
| | **June 2014 $000** | June 2013 $000 |
| **Variable rate instruments** | | |
| Cash and short-term deposits | **12,045** | 11,063 |
| Bank loans | **(248,938)** | (296,492 ) |

**Fair value sensitivity analysis for fixed rate instruments**

The Trust does not account for any fixed-rate financial assets or financial liabilities at fair value through the profit or loss, and the Trust does not designate any interest rate swaps as hedging instruments under a fair value hedging model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

The analysis below considers the impact on equity and net profit or loss due to a reasonably possible increase or decrease in interest rates. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

| | 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 2014** | | | | |
| Variable rate instruments | (1,246) | 1,246 | - | - |
| Interest rate swaps | 1,050 | (1,050) | 3,087 | (3,147) |
| **Net impact on net profit and equity** | **(196)** | **196** | **3,087** | **(3,147)** |
| **30 June 2013** | | | | |
| Variable rate instruments | (1,488) | 1,488 | - | - |
| Interest rate swaps | 1,050 | (1,050) | 3,519 | (4,575) |
| **Net impact on net profit and equity** | **(438)** | **438** | **3,519** | **(4,575)** |

**(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 2014 $000** | | June 2013 $000 | |
|---|---|---|---|---|
| | **Book value** | **Fair value** | Book value | Fair value |
| **Assets and liabilities held at amortised costs** | | | | |
| Loans and receivables | **1,502** | **1,502** | 881 | 881 |
| Cash and short-term deposits | **12,045** | **12,045** | 11,063 | 11,063 |
| Bank loans | **(248,938)** | **(248,938)** | (296,492) | (296,492) |
| Corporate bonds | **(199,394)** | **(201,727)** | - | - |
| Payables and deferred income | **(15,647)** | **(15,647)** | (14,077) | (14,077) |
| **Liabilities held at fair value** | | | | |
| Interest rate swaps | **(12,047)** | **(12,047)** | (12,516) | (12,516) |

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

**Loans and receivables, and payables and deferred income**

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimates to represent their fair values.

**Cash and short-term deposits**

The carrying amount is fair value due to the liquid nature of these assets.

**Bank loans and corporate bonds**

Market values have been used to determine the fair value of corporate bonds using a quoted market price. The fair value of bank loans have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs.

**Interest rate swaps**

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 (Level 2).

**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:

| | **2014** | 2013 |
|---|---|---|
| Interest rate swaps | **2.66% to 4.22%** | 2.67% to 4.33% |

**(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 2014, the gearing level was 24.4 per cent (2013: 21.2 per cent).

The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2014 and the preceding year.

# Notes to the financial statements

For the year ended 30 June 2014

## 18. CAPITAL EXPENDITURE COMMITMENTS

| | **June 2014 $000** | June 2013 $000 |
|---|---|---|
| Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable: | | |
| **Not later than one year:** | | |
| Unrelated parties | **-** | 38,792 |
| Related parties | **72,976** | 23,360 |
| | **72,976** | 62,152 |

**Capital Commitments to related parties**

*Portfolio acquisition*

Following approval by unitholders in September 2013, the Trust agreed to acquire a property portfolio comprising 10 Bunnings Warehouse properties from Bunnings Group Limited, a controlled entity of Wesfarmers Limited, as well as committing to upgrading three of its existing Trust-owned Bunnings Warehouses. The total purchase price for the portfolio and upgrades is $291.1 million plus acquisition costs, of which $237.4 million was paid to Bunnings Group Limited during the year. Subject to the completion of the development and upgrades of Bunnings Warehouses on four of the properties, a further $53.7 million is expected to be payable within the next 12 months.

*Brendale*

In June 2014, the Trust entered into a contract to acquire a development site in Brendale, Queensland on which Bunnings Group Limited will develop a Bunnings Warehouse. The purchase price of the land of $7.6 million was paid in June 2014, with a further $19.2 million for the completed development to be paid to Bunnings Group Limited upon completion.

## 19. SUBSEQUENT EVENT

During the last quarter of the 2014 financial year and also subsequent to the year-end, the Trust has entered into sale contracts for five of the Trust's properties. The settlement of these properties will occur throughout the 2015 financial year, with net sale proceeds of approximately $53.5 million to be received.

# Notes to the financial statements

For the year ended 30 June 2014

## 20. DIRECTOR AND EXECUTIVE DISCLOSURES AND RELATED PARTY DISCLOSURES

### (a) Details of key management personnel

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

**Chairman – non-executive**
Mr J A Austin

**Managing Director**
Mr M J Wedgwood (from 24 February 2014)

**Non-executive directors**
Mr J K Atkins (from 1 April 2014)
Mr B J H Denison (until 12 February 2014)
Ms F E Harris
Mr R D Higgins
Mr A J Howarth
Mr P J Mansell (until 4 December 2013)

**General Manager**
Mr G W Gernhoefer (until 24 February 2014)

### (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 2014, 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 | Net change during the year | Balance at the end of the year |
|---|---|---|---|
| Mr J K Atkins | 26,501[1] | - | 26,501 |
| Mr J A Austin | 295,967 | 47,892 | 343,859 |
| Mr B J H Denison[2] | 11,205 | (11,205) | - |
| Ms F E Harris | - | 20,000 | 20,000 |
| Mr R D Higgins | - | 20,000 | 20,000 |
| Mr A J Howarth | - | 20,000 | 20,000 |
| Mr P J Mansell[2] | 234,475 | (234,475) | - |
| Mr M J Wedgwood | - | - | - |
| **Total** | 568,148 | (137,788) | 430,360 |

[1] Units held prior to appointment to the Board
[2] Ceased to be non-executive director during the year

The above holdings represent holdings where the directors have a beneficial interest in the units of the Trust.

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.

# Notes to the financial statements

For the year ended 30 June 2014

## 20. 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 156,540,889 (2013: 130,712,708) units in the Trust, representing 24.68 per cent of the units on issue at 30 June 2014 (2013: 24.31 per cent).

(ii) Transactions with the Wesfarmers Group

During the year ended 30 June 2014, the Trust had the following transactions with Wesfarmers Limited subsidiaries:

(a) Following approval by unitholders in September 2013, the Trust agreed to purchase a property portfolio, comprising 10 Bunnings Warehouse properties from Bunnings Group Limited, a controlled entity of Wesfarmers Limited, as well as committing to upgrading three of its existing Trust-owned Bunnings Warehouses. The total purchase price for the portfolio and upgrades was $291.1 million plus acquisition costs, of which $237.4 million was paid to Bunnings Group Limited during the year. Subject to the completion of the development and upgrades of Bunnings Warehouses on four of the properties, a further $53.7 million is expected to be payable within the next 12 months.

(b) In June 2014, the Trust entered into a contract to acquire a development site in Brendale, Queensland on which Bunnings Group Limited will develop a Bunnings Warehouse. The purchase price of the land of $7.6 million was paid in June 2014, with a further $19.23 million for the completed development to be paid to Bunning Group Limited upon completion.

(c) Also in June 2014, The Trust entered into a contract to sell to Bunnings Group Limited, the Bunnings Warehouse at Sunshine, Victoria for $13 million, with settlement to occur in December 2014.

(d) Subsequent to the year-end, the Trust entered into a contract to sell to Bunnings Group Limited, the Bunnings Warehouse in Coffs Harbour, New South Wales for $7.3 million, with settlement to occur in June 2015.

(e) Rent and other property income of $118,421,255 (2013: $102,582,141) was received from Bunnings Group Limited. The amount includes an amount received in advance of $9,548,859 (2013: $8,421,676). As at 30 June 2014 there was amounts receivable of $291,975 (2013: $358,579).

(f) Rent of $1,137,409 (2013: $1,143,588) was received from J Blackwood and Son Pty Limited, a controlled entity of Wesfarmers Limited. No amounts were received in advance in the current year (2013: nil). As at 30 June 2014 there were receivables of $23,778 (2013: $114,339).

(g) Rent of $799,600 (2013: $349,788) was received from Officeworks Superstores Pty Ltd, a controlled entity of Wesfarmers Limited. As at 30 June 2014 there was no rent receivable (2013: $35,319).

(h) The responsible entity's fee of $8,566,858 (2013: $7,254,610) is paid or payable to the responsible entity. During the year, as part of the agreement to acquire 10 Bunnings Warehouse properties from Bunnings Group Limited, the responsible entity waived its entitlement to fees in respect to these properties purchased until 30 June 2014. For the year ended 30 June 2014 the amount of fees the responsible entity had waived was $849,016 (2013: $666,022).

(i) The Trust reimbursed Bunnings Group Limited $21.2 million for the completion of the development of Trust's Wallsend Bunnings Warehouse.

(j) 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.

(k) The Trust paid $255,385 (2013: $510,896) to Wesfarmers Limited for insurance premiums on a number of the Trust's properties. The amount paid in the previous year represents insurance payments covering two years of insurance.

## 21. 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 large format 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

94.6 per cent (2013: 95.3 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited, J Blackwood and Son Pty Ltd and Officeworks Superstores Pty Ltd, all controlled entities of Wesfarmers Limited.

### (d) Corporate information

The financial report of the Trust for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 7 August 2014.

# Directors' report

For the year ended 30 June 2014

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 2013 and ended 30 June 2014. The information on pages 1 to 29 forms part of this directors' report and is to be read in conjunction with the following information:

## Results and distributions

| | June 2014 $000 | June 2013 $000 |
|---|---|---|
| Profit attributable to unitholders of BWP Trust | **149,081** | 110,573 |
| Capital profits released from undistributed income reserve | **825** | - |
| Net unrealised gains in fair value of investment properties | **(57,113)** | (34,805) |
| Distributable profit for the year | **92,793** | 75,768 |
| Opening undistributed profit | **34** | 17 |
| Closing undistributed profit | **(1)** | (34) |
| Distributable amount | **92,826** | 75,751 |

## 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 2014:

| | | June 2014 $000 | June 2013 $000 |
|---|---|---|---|
| (a) | Out of the profits for the year ended 30 June 2013 on ordinary units as disclosed in last year's directors' report: | | |
| | (i) Final distribution of 7.14 cents per ordinary unit paid on 28 August 2013 | **38,396** | 42,231 |
| (b) | Out of the profits for the year ended 30 June 2014 (see Note 6 of the notes to the financial statements): | | |
| | (i) Interim distribution of 6.83 cents per ordinary unit paid on 25 February 2014 | **42,835** | 37,355 |
| | (ii) Final distribution of 7.88 cents per ordinary unit declared by the directors for payment on 28 August 2014 | **49,991** | 38,396 |

## Units on issue

At 30 June 2014, 634,395,195 units of BWP Trust were on issue (2013: 537,753,954).

## 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 2014, BWP Trust held assets to a total value of $1,837.4 million (2013: $1,398.7 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 $8,566,858 (2013: $7,254,610) were paid or payable to the responsible entity out of Trust property during the financial year.

# Directors' report

For the year ended 30 June 2014

## 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 (2013: nil). Management services are provided to the responsible entity by Wesfarmers Limited. Wesfarmers Limited employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

## Directors

### Information on directors

Mr J A Austin (Chairman)
Mr J K Atkins (from 1 April 2014)
Mr B J H Denison (until 12 February 2014)
Ms F E Harris
Mr R D Higgins
Mr A J Howarth
Mr P J Mansell (until 4 December 2013)
Mr M J Wedgwood (Managing Director) (from 24 February 2014)

Details of the directors appear on pages 22 to 23.

No director is a former partner or director of the current auditor of the Trust, at a time when the current auditor has undertaken an audit of the Trust.

## Company secretary

Ms K A Lange, FGIA, FCIS, MBus

Ms K A Lange has been the company secretary since 9 April 2008. Ms Lange has more than 27 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 |
|---|---|
| Mr J K Atkins | 51,413 |
| Mr J A Austin | 343,859 |
| Ms F E Harris | 20,000 |
| Mr R D Higgins | 20,000 |
| Mr A J Howarth | 20,000 |
| Mr M J Wedgwood | - |

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.

# Directors' report

For the year ended 30 June 2014

## 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 13 of this report and in the accompanying financial statements. This includes information on the financial position of the Trust and its business strategies and prospects for future financial years.

## Significant changes in the state of affairs

During the financial year, the value of the Trust's investment properties increased by $391.0 million (2013: $67.9 million increase) to $1.8 billion (2013: $1.4 billion), with the number of investment properties increasing from 73 properties to 87 properties at the financial year end.

In September 2013, the Trust raised $200.2 million (2013: nil) through a non-renounceable pro-rata entitlement offer with 87,024,515 new units being issued. The majority of the net proceeds of the pro-rata entitlement offer was used to fund a property portfolio of 10 properties from Bunnings Group Limited and one Bunnings Warehouse-anchored large format retail centre from an unrelated party.

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

## Significant events after the balance date

During the last quarter of the 2014 financial year and also subsequent to the year-end, the Trust has entered into sale contracts for five of the Trust's properties. The settlement of these properties will occur throughout the 2015 financial year, with net sale proceeds of approximately $53.5 million to be received.

## 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 13.

## Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the directors of BWP Management Limited support and comply with the majority of the ASX Corporate Governance Principles and Recommendations. The responsible entity's corporate governance statement is contained on pages 24 to 29 of this annual report.

## Environmental regulation and performance

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

## Board committees

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

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

# Directors' report

For the year ended 30 June 2014

## Rounding

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

## Auditor independence

The lead auditor's independence declaration is set out on page 62 and forms part of the Directors' report for the year ended 30 June 2014.

## Non-audit services

KPMG provided the following non-audit services to the Trust during the year ended 30 June 2014 and received, or is due to receive, the following amount for the provision of these services:

| | |
|---|---|
| Taxation services | $24,000 |
| **Total** | **$24,000** |

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, 7 August 2014

# Directors' declaration

For the year ended 30 June 2014

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 2014 and of its performance for the year ended on that date; and

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

   b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

   c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(b).

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2014.

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

**J A Austin**
**Chairman**
BWP Management Limited
Perth, 7 August 2014

# Auditor's independence declaration

**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 2014 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

Grant Robinson

| | |
|---|---|
| **KPMG** | **Grant Robinson** |
| Perth, 7 August 2014 | **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 2014, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 21 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

KPMG

**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 2014 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, 7 August 2014

Grant Robinson

**Grant Robinson**
**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 | 9 September 2013 | 151,863,632 |

### Distribution of unitholders

As at 22 July 2014

| Range of holding | Holders | Units | % |
|---|---|---|---|
| 1 – 1,000 | 3,405 | 1,698,935 | 0.27 |
| 1,001 – 5,000 | 8,132 | 23,901,812 | 3.77 |
| 5,001 – 10,000 | 4,973 | 37,428,192 | 5.90 |
| 10,001 – 100,000 | 7,025 | 167,480,717 | 26.40 |
| 100,001 – over | 231 | 403,885,539 | 63.66 |
| **Total** | 23,766 | 634,395,195 | 100.00 |
| | | | |
| Unitholders holding less than a marketable parcel (197 units) | 630 | 26,040 | |

### 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 22 July 2014 were:

| | Number of units | Percentage of capital held |
|---|---|---|
| Wesfarmers Investments Pty Ltd | 156,540,889 | 24.68 |
| HSBC Custody Nominees (Australia) Limited | 61,857,510 | 9.75 |
| JP Morgan Nominees Australia Limited | 61,542,317 | 9.70 |
| Citicorp Nominees Pty Limited | 23,330,903 | 3.68 |
| National Nominees Limited | 11,369,221 | 1.79 |
| BNP Paribas Noms Pty Ltd <DRP> | 9,006,543 | 1.42 |
| RBC Investor Services Australia Nominees Pty Limited <APN A/C> | 7,129,543 | 1.12 |
| RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C> | 6,642,380 | 1.05 |
| Citicorp Nominees Pty limited <Colonial First State Inv A/C> | 6,160,140 | 0.97 |
| HSBC Custody Nominees (Australia) Limited – GSCO ECA | 2,133,345 | 0.34 |
| CS Fourth Nominees Pty Ltd | 1,689,013 | 0.27 |
| Milton Corporation Limited | 1,584,008 | 0.25 |
| HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C> | 1,479,679 | 0.23 |
| AMP Life Limited | 1,246,544 | 0.20 |
| UBS Wealth Management Australia Nominees Pty Ltd | 1,159,341 | 0.18 |
| Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C> | 1,124,089 | 0.18 |
| Superlife Trustee Nominees Ltd <SL Prop A/C> | 1,085,892 | 0.17 |
| Bond Street Custodians Limited <ENH Property Securities A/C> | 1,068,733 | 0.17 |
| RE GL CM & JE Adshead Pty Ltd <Adshead Bus Hire S/F A/C> | 1,006,055 | 0.16 |
| Cantala Pty Ltd | 1,000,000 | 0.16 |
| **Total** | **358,156,145** | **56.46** |