BWP Trust Annual Report 2021



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bwp TRUST

BUNNINGS TUGGERANONG, ACT



BWP Trust Annual Report

2021



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BWP TRUST
ARSN 088 581 097

RESPONSIBLE ENTITY
BWP Management Limited
ABN 26 082 856 424

AUSTRALIAN FINANCIAL
SERVICES LICENCE
No. 247830

bwptrust.com.au

ABOUT US

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Established and listed on the Australian Securities Exchange ("ASX") in 1998, BWP Trust ("BWP" or "the Trust") is a real estate investment trust investing in and managing commercial properties throughout Australia.

The majority of the Trust's properties are well located large format retailing properties, in particular, Bunnings Warehouses, leased to Bunnings Group Limited ("Bunnings"). Bunnings is the leading retailer of home improvement, outdoor living and lifestyle products in Australia and New Zealand, and a major supplier to project builders, commercial trades people, and the housing industry. The Trust is managed by an external responsible entity, BWP Management Limited ("the responsible entity") which is appointed under the Trust's constitution and operates under an Australian Financial Services Licence.

The responsible entity is solely committed to managing the Trust and is paid a quarterly fee based on the gross assets of the Trust.

Both Bunnings and the responsible entity are wholly-owned subsidiaries of Wesfarmers Limited ("Wesfarmers"), one of Australia's largest listed companies. Wesfarmers, through one of its subsidiaries, also owns approximately 24.75 per cent of the issued units in the Trust.

ABOUT THIS REPORT

This annual report is a summary of the Trust's operations, activities, and financial position as at 30 June 2021. Readers should refer to the details provided throughout this Annual Report and on the Trust's website for additional information.

IMPORTANT NOTICE

This report contains statements regarding the future ("forward-looking statements") and statements of belief or opinion ("assumptions"). Words such as "believe", "consider", "could", "expect", "estimate", "likely", "may", "objective", "should", "plan", "target", and other similar expressions are intended to identify forward-looking statements or assumptions. While due care and attention has been used in preparing this report and the information it contains, forward-looking statements and assumptions are not guarantees of future performance or outcomes. Forward-looking statements and assumptions involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the responsible entity and which may cause actual performance and outcomes to differ materially from those expressed or implied by the statements. Before making an investment decision or acting on the information in this report, you should make your own enquiries and seek your own professional advice as to the application of the information provided in this report to your particular investment needs, objectives and financial circumstances.

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CHAIRMAN'S MESSAGE



On behalf of the Board of directors of BWP Management Limited, the responsible entity for BWP Trust, it is my pleasure to present the Trust's annual report for the financial year ended 30 June 2021.

The Trust made good progress in improving Bunnings Warehouse properties and repositioning ex-Bunnings properties in the portfolio during the year. Upgrades were completed for the Croydon and Port Melbourne properties. The Port Macquarie property has been repositioned for large format retail and is now fully leased. A non-binding agreement has been entered into for the Cairns property to be utilised as a film studio, and the Trust has entered into an arrangement with the New South Wales State Government for the recently vacated Belmont North property to be used as a COVID-19 vaccination centre for up to two years. The re-zoning of the Belmont North property has recently been approved and work is underway to determine the best longer-term use for that property. The Midland property has been leased to a car dealership on expiry of the Bunnings lease in September 2021. Options to extend Bunnings leases were exercised for the Belmont, Caroline Springs, Cockburn, Fairfield Waters, Mount Gravatt, Pakenham, Smithfield, Wagga Wagga, Broadmeadows and Dubbo properties.

Sixteen market rent reviews (including 13 Bunnings Warehouse properties) were finalised during the year, with rents broadly in line with the market.

No property assets were acquired during the year. The ex-Bunnings Underwood property was sold in May 2021 and the ex-Bunnings Mindarie property was sold in July 2021.

For the year ended 30 June 2021, the assessed valuation of the Trust's property portfolio increased by $149.2 million, a 6.0 per cent increase over the prior year, reflecting the ongoing attractiveness of Bunnings Warehouse properties to investors.

The Trust extended the tenor of its debt facilities. A new $100 million seven-year bond was issued in March 2021, and the debt facilities with Commonwealth Bank of Australia and Westpac Banking Corporation were extended for a further year. The debt facility with Sumitomo Mitsui Banking Corporation ("SMBC") was restructured and increased from $100 million to $110 million. The restructuring of the SMBC facility will assist in refinancing a $110 million bond maturing in mid-2022.

The COVID-19 pandemic ("COVID-19") continued during the year with ongoing outbreaks which resulted in lockdowns or activity restrictions on a state basis for varying periods of time.

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BUNNINGS CROYDON, VIC

Bunnings was able to operate on an unrestricted basis from the properties leased from the Trust for the majority of the year. The Trust has leases with a small number of tenants such as gym operators which were subject to COVID-19 closure by State governments for periods of time during the year. Rent abatements totalling $473,571 were granted for the year ended 30 June 2021. The Trust received 99.6 per cent of rent due for the year, taking into account COVID-19 impacts.

The Trust pays out 100 per cent of distributable profit (which includes any capital profits released) every six months. Divestments and the repositioning of vacated properties can impact the amount of distributable profit available in any particular reporting period. Net profit before revaluation gains for the year ended 30 June 2021 was $114 million, a 3.0 per cent reduction from the prior financial year. This reflects the one-off impact of deposit payments forfeited by prospective purchasers of BWP-owned properties that resulted in a higher net profit in the 2020 financial year. For the year ended 30 June 2021, BWP reported a full-year ordinary distribution of 18.29 cents per unit, the same as reported for the previous year. Capital profits were utilised to offset the lower net profit to maintain the same distribution.

The energy efficiency of the Trust's property portfolio continued to improve with 96 per cent of the portfolio now with LED lighting in one or more of the car park, nursery trading area, canopy trading area, or in the main store. Solar power generation is installed at 23 properties in the portfolio, with further installations planned.

The Trust generated a total unitholder return of 15.9 per cent for the year, and 15.1 per cent per annum for the 10 years ended 30 June 2021. This compares to the ASX All Ordinaries Accumulation Index which returned 30.2 per cent for the year, and 9.4 per cent per annum for the same 10 year period.

For the 2021/22 financial year, the Trust's primary focus is on filling any vacancies in the portfolio, progressing store upgrades, extending existing leases with Bunnings through the exercise of options, completion of market rent reviews, and the continued rollout of energy efficiency improvements at its properties. The Trust will continue to look for opportunities to grow the portfolio that will create value for the Trust.

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



E Fraunschiel
Chairman
BWP Management Limited

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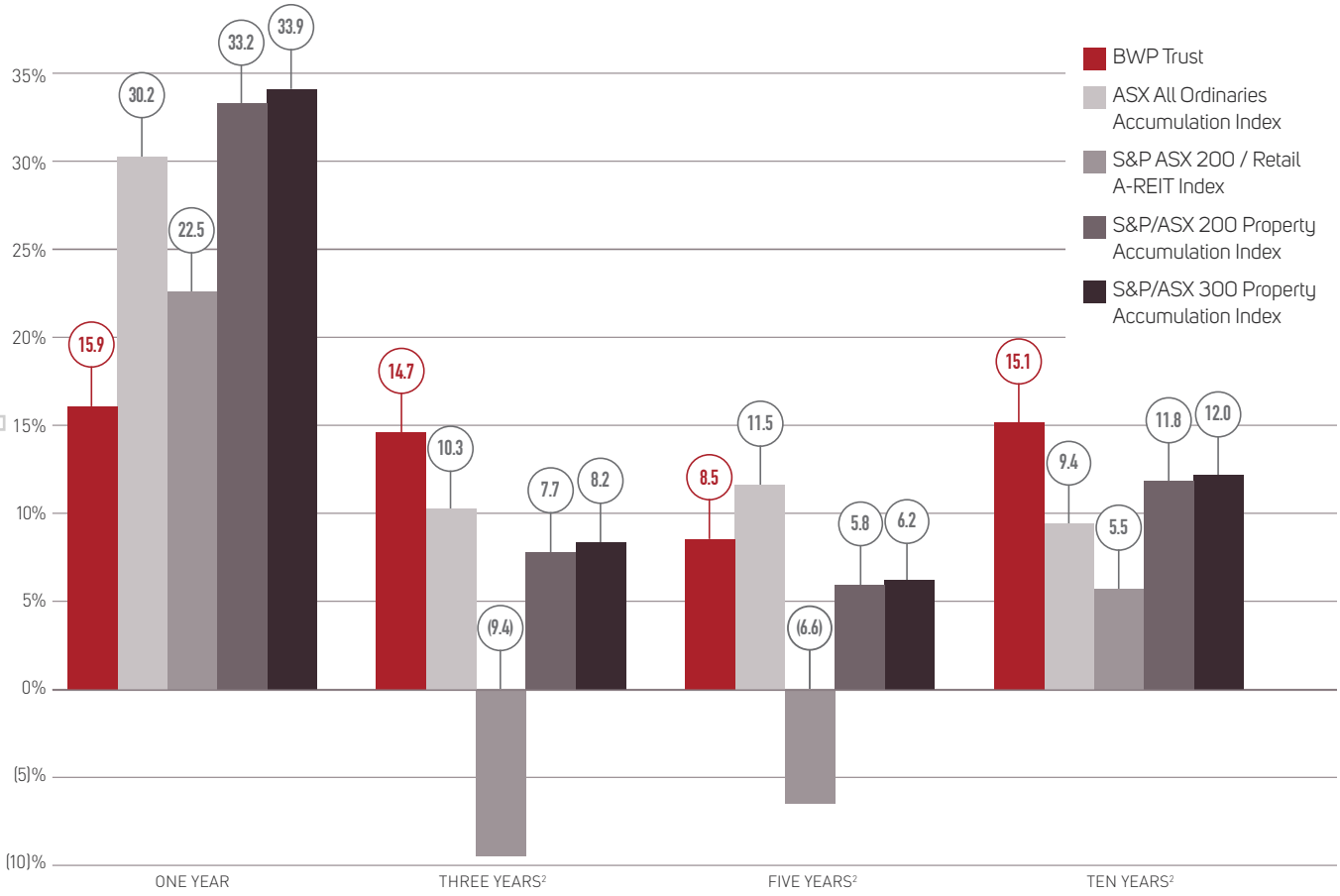
2020/21 RESULTS HIGHLIGHTS

- Final distribution of 9.27 cents, bringing the full-year ordinary distribution to 18.29 cents, in line with the previous year
- 16 market rent reviews (including 13 Bunnings Warehouse properties) finalised during the year with rents broadly in line with the market
- Like-for-like rental growth of 1.6 per cent for the 12 months to 30 June 2021, taking into account the average inflation on Consumer Price Index ("CPI") linked leases of 0.5 per cent
- Weighted average cost of debt of 3.1 per cent for the year, 3.3 per cent at year end
- Weighted average lease expiry ("WALE") of 4.2 years at 30 June 2021
- Portfolio 97.8 per cent leased
- Net revaluation gains on the property investment portfolio of $149.2 million for the year
- Net tangible assets of $3.29 per unit at 30 June 2021 (2020: $3.06 per unit), up 7.5 per cent on the previous year
- Gearing (debt/total assets) 17.7 per cent at 30 June 2021

BWP TRUST TOTAL RETURNS COMPARED TO MARKET

period ended 30 June 2021[1]



[1] Total returns include distributions and movement in price (assuming distributions are reinvested). Source: UBS Australia
[2] Annual compound returns.

FINANCIAL SUMMARY

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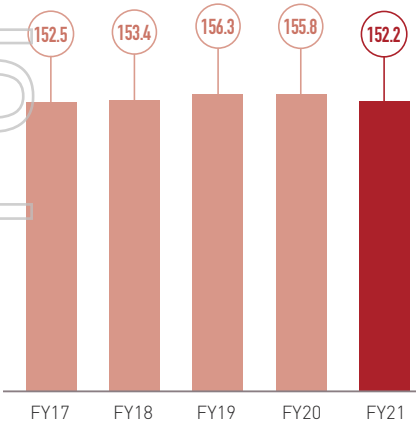
Year ended 30 June		2021	2020	2019	2018	2017
Total income	$m	**152.2**	155.8	156.3	153.4	152.5
Total expenses	$m	**(38.3)**	(38.7)	(40.3)	(40.2)	(40.0)
Profit before gains in fair value of investment properties	$m	**114.0**	117.1	115.9	113.2	112.5
Gains in fair value of investment properties	$m	**149.2**	93.6	53.4	69.9[1]	111.3
Net profit	$m	**263.2**	210.6	169.4	183.1	223.8
Less: gains in fair value of investment properties	$m	**(149.2)**	(93.6)	(53.4)	(69.9)[1]	(111.3)
Capital profits released from undistributed income reserve	$m	**3.5**	0.4	0.5[2]	1.2	-
Distributable profit	$m	**117.5**	117.5	116.4	114.4	112.5
Distribution per ordinary unit	interim cents	**9.02**	9.02	8.93	8.78	8.63
	final cents	**9.27**	9.27	9.18	9.03	8.88
	total cents	**18.29**	18.29	18.11	17.81	17.51
Special distribution per unit	cents	**-**	-	1.56[2]	-	-
Tax advantaged component	%	**12.22**	23.55	-[3]	15.55	22.29
Total assets	$m	**2,674.6**	2,552.6	2,382.3	2,369.5	2,312.8
Borrowings	$m	**474.7**	503.2	412.7	457.6	471.1
Unitholders' equity	$m	**2,116.4**	1,968.7	1,874.6	1,833.0	1,762.1
Gearing (debt to total assets)	%	**17.7**	19.7	17.3	19.3	20.4
Number of units on issue	m	**642**	642	642	642	642
Number of unitholders		**24,155**	22,030	20,667	23,694	23,158
Net tangible asset backing per unit	$	**3.29**	3.06	2.92	2.85	2.74
Unit price at 30 June	$	**4.26**	3.83	3.68	3.25	2.98
Management expense ratio[4] (annualised)	%	**0.63**	0.64	0.62	0.60	0.60

Figures above are subject to rounding
[1] Includes realised gain on disposal of investment properties of $2.5 million.
[2] An additional $10.0 million of capital profits were released for the payment of the special distribution.
[3] Due to capital gains arising from the divestment of four properties there were no tax deferred components in the 2019 financial year.
[4] Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

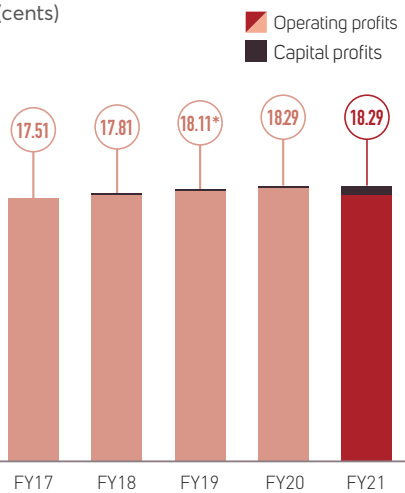
TOTAL INCOME

($ m)



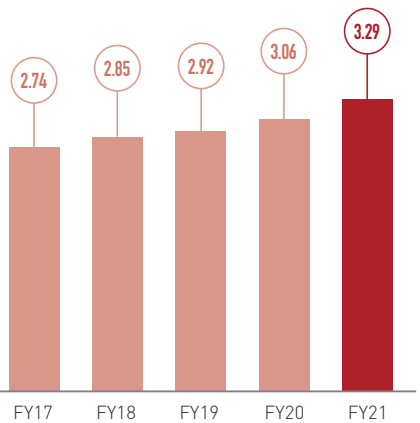
DISTRIBUTION PER UNIT

(cents)



NET TANGIBLE ASSET BACKING

($ per unit)



* DPU total of 18.11 cents excludes the 1.56 cents special distribution in the 2019 financial year.

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BUSINESS APPROACH

BWP Trust aims to provide unitholders with a secure and growing income stream and long-term capital growth. This is achieved through strong alignment with, and support for, the ongoing property needs of its customers, while also responding to the needs of the local communities where the Trust owns real estate.

The Trust's main source of income is the rent paid by Bunnings and other customers for leasing their respective premises from the Trust. Rent is generally based on the area of the property leased by the customer, and does not have reference to the customer's turnover at the premises. Growth in rental income typically comes from acquiring additional leased properties and from increases in rent from existing properties. Rents from existing properties grow as a result of annual rent increases and periodic market reviews in accordance with the lease. Rental growth may also occur with upgrades to existing properties, which increase the lettable area.

The main items of expense for the Trust are borrowing costs and the fee paid to the responsible entity for managing the Trust. The amount of borrowing costs relate to the level of borrowings the Trust has from time to time, and the interest rates and funding costs associated with those borrowings.

The level of management fee paid by the Trust depends on the value of the gross assets of the Trust over the period.

The Trust's assets are predominantly comprised of its investment properties. Investment properties are revalued every six months to their fair value based on market conditions and the circumstances of each particular property. Changes in the fair value of properties as a result of revaluations are recorded as an unrealised revaluation gain or loss for the period and do not affect distributable profit. Borrowings to fund investment in properties are the Trust's largest liability and typically represent 20 to 30 per cent of the value of the Trust's total assets.

As required by the Trust's constitution, the Trust distributes all its "profit attributable to unitholders of BWP Trust" as per the statutory accounts every six months, excluding unrealised movements in the fair value of investment properties, as well as other items as determined by the directors. In addition, at the directors' discretion, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained for future growth or to be distributed in future years.

INVESTMENT CRITERIA

PREFERRED PROPERTY ATTRIBUTES

- ✓ Significant catchment area
- ✓ Visible and accessible from a major road, highway or freeway
- ✓ Ready vehicle access and ample on-site parking
- ✓ Long-term occupancy and/or higher and better use potential
- ✓ Leases to businesses with strong financial and value creation attributes
- ✓ Geographic diversity
- ✓ Yield commensurate with risk

OUR CORE VALUES

RESPECTFUL	RESPONSIBLE	RESOURCEFUL
WE SEEK MUTUALLY BENEFICIAL RELATIONSHIPS WITH ALL STAKEHOLDERS	WE ARE PROFESSIONAL, HONEST AND TRANSPARENT IN HOW WE OPERATE	WE VALUE SIMPLICITY AND WE FOCUS ON ACHIEVING EFFECTIVE AND SUSTAINABLE OUTCOMES
We treat each other as we expect to be treated We are committed to having a safe and inclusive work environment	We are accountable for our actions We operate within the law	We make the most of opportunities We are financially focused and make decisions based on what creates value

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INVESTMENT THEMES

LARGE FORMAT RETAILING PROPERTY OWNERSHIP – HOME IMPROVEMENT / BUNNINGS FOCUS

Status as at 30 June 2021

- 239 hectares of land
- 74 properties
- 86 per cent of income from Bunnings
- 91 per cent of non-Bunnings income from national tenants

Priorities

- Core portfolio of Bunnings Warehouse properties that meet Bunnings' business model requirements, with annual rent increases and long duration of occupancy

SUSTAINABLE PORTFOLIO RETURNS SUPPORTED BY BALANCE SHEET FLEXIBILITY

Status as at 30 June 2021

- 9.8 per cent annualised portfolio return on invested capital ("ROIC")[1]
- 17.7 per cent gearing

Priorities

- Focus on long-term value creation by re-investing in and growing the core portfolio of Bunnings Warehouse properties, and from maximizing the alternative use prospects of a number of properties in the portfolio

PROPERTY LOCATION ATTRIBUTES

Status as at 30 June 2021

- 80 per cent metropolitan
- 20 per cent regional
- 39 per cent of metropolitan properties within 20 kms of a central business district ("CBD")

Priorities

- Well located properties in local communities, accessible, adjacent to other retail/ community facilities
- Re-zoning
- Home improvement, supermarkets, activity, experiences, residential, healthcare, self-storage, automotive and last mile distribution

DRIVERS OF RETURNS

ANNUAL RENTAL GROWTH

Status as at 30 June 2021

- Approximately 55 per cent of the Trust's rental income is subject to CPI adjustments
- 45 per cent is subject to fixed annual adjustments, other than in years in which respective properties are due for a market rent review

Priorities

- Continue to focus on market rent review outcomes

WELL PRICED ACQUISITIONS AND RE-INVESTMENT

Status as at 30 June 2021

- Upgrades were completed for two Bunnings Warehouse properties
- Reviewed and bid on a number of acquisition opportunities during the year, but were not successful

Priorities

- Re-investment in existing portfolio, and acquisitions as and when it makes commercial sense to do so

COST OF FUNDING

Status as at 30 June 2021

- S&P A- and Moody's A3 rating re-affirmed
- A new $100 million seven-year medium term note (bond) maturing in March 2028 was issued. At the same time, the $100 million debt facility with Sumitomo Mitsui Banking Corporation was restructured to a $110 million five-year forward start facility expected to commence in April 2022. This facility is expected to be utilised to repay the $110 million bond maturing in May 2022
- Bank debt facilities of $135 million with Westpac Banking Corporation and $110 million with Commonwealth Bank of Australia extended for a further year each to April 2023 and July 2023 respectively

Priorities

- Continue to diversify funding and extend duration of debt

LONG-TERM VALUE CREATION

PRO-ACTIVE MANAGEMENT OF EXISTING PROPERTIES

Status as at 30 June 2021

- Portfolio 97.8 per cent leased
- Two properties repositioned for large format retail
- Three properties being repositioned for industrial
- One property is being repositioned for mixed use
- One property was re-zoned and the re-zoning process has commenced for another property
- Completed an upgrade of two Bunnings Warehouses
- Agreement to upgrade a further Bunnings Warehouse

Priorities

- Continue to optimise the value of all properties in the portfolio

PORTFOLIO GROWTH

Status as at 30 June 2021

- Reviewed and bid on a number of acquisition opportunities during the year, but were not successful

Priorities

- Acquisitions as and when value can be created

EFFECTIVE MANAGEMENT OF THE TRUST AND ITS CAPITAL

Status as at 30 June 2021

- Ten year average total unitholder return of 15.1 per cent per annum

Priorities

- Secure and growing income stream
- Long-term capital growth

[1] ROIC calculated as annualised net rent (being rent net of property outgoings and administrative costs associated with running the Trust) divided by the accumulated capital costs incurred on the property portfolio.

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MANAGING DIRECTOR'S REPORT

FINANCIAL RESULTS

INCOME AND EXPENSES

Total income for the full-year to 30 June 2021 was $152.2 million, down by 2.3 per cent from last year. Rental and other property income was $3.4 million lower than the previous year, largely due to the $2.7 million of forfeited deposits received in the 2020 financial year. A reduction in income attributable to the straight-lining of rent of $1.5 million was largely offset from annual increases in rent and rent from the properties repositioned. During the year, the Trust granted rent abatements of $0.5 million (2020: $0.4 million) to tenants affected by the COVID-19 shutdowns.

Finance costs of $15.0 million were 3.6 per cent lower than last year, due to a lower weighted average cost of debt. The weighted average cost of debt for the year (finance costs as a percentage of average borrowings) was 3.1 per cent, compared to 3.4 per cent for the previous year. The average level of borrowings was 3.3 per cent higher than the previous year ($477.1 million compared with $461.9 million).

Other operating expenses were broadly in line with the previous year at $8.6 million compared to $8.8 million in the previous year.

The management expense ratio for the year ended 30 June 2021 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) decreased from 0.64 per cent in the previous year to 0.63 per cent for the current year. The management expense ratio was lower due to a management fee waiver on $75 million of gross assets from 1 January 2021.

PROFIT

Profit as disclosed in the Trust's financial statements includes unrealised and realised 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 in Our property portfolio) and property divestments. 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 2021, net profit was $263.2 million, including $149.2 million in gains in the fair value of investment properties. This compares with net profit last year of $210.6 million which included gains of $93.6 million in the fair value of investment properties.

At the discretion of the Board, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained for future growth or to be distributed in future years.

FINANCIAL POSITION

As at 30 June 2021, the Trust's total assets were $2.7 billion (2020: $2.6 billion) with unitholders' equity of $2.1 billion and total liabilities of $0.6 billion. Investment properties made up the majority of total assets comprising $2.6 billion (2020: $2.5 billion). Further information on investment properties is included in the Our property portfolio section at pages 18 to 21.

The underlying net tangible asset backing of the Trust's units ("NTA") as at 30 June 2021 was $3.29 per unit, an increase of 7.5 per cent from $3.06 per unit as at 30 June 2020. The increase in NTA was due to the increase in net assets through property revaluations and capital improvements.

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 9.27 cents per ordinary unit has been declared and will be made on 20 August 2021 to unitholders on the Trust's register at 5.00 pm (AEST) on 30 June 2021. The final distribution takes the total ordinary distributions for the year to 18.29 cents per unit (2020: 18.29 cents per unit).

CAPITAL MANAGEMENT

The Trust is committed to maintaining a strong investment grade rating (currently A-/Stable by Standard & Poor's and A3/Stable by Moody's) through appropriate capital and balance sheet management.

DEBT FUNDING

The Trust's debt facilities as at 30 June 2021 are summarised below:

	Limit $m	Amount drawn $m	Expiry date
Bank debt facilities			
Westpac Banking Corporation	135.0	55.5	30 April 2023
Commonwealth Bank of Australia	110.0	55.6	31 July 2023
Sumitomo Mitsui Banking Corporation[1]	-	-	
Corporate bonds			
Fixed term five-year corporate bond	110.0	110.0	11 May 2022
Fixed term seven-year corporate bond	150.0	150.0	10 April 2026
Fixed term seven-year corporate bond	100.0	100.0	24 March 2028
Total	**605.0**	**471.1**	

[1] During the year, the Trust restructured its debt facility with Sumitomo Mitsui Banking Corporation. In March 2021 the Trust issued a new fixed term seven-year bond of $100 million which matures in March 2028. The funds from this bond issue were used to repay the $100 million debt facility with Sumitomo Mitsui Banking Corporation which was due to expire in May 2024. The debt facility with Sumitomo Mitsui Banking Corporation was restructured and replaced with a $110 million five-year forward start cash advance term facility, with an effective start date in March 2022, with drawdown likely in April 2022. This restructured facility has been established to repay the $110 million fixed term five-year corporate bond that matures in May 2022.

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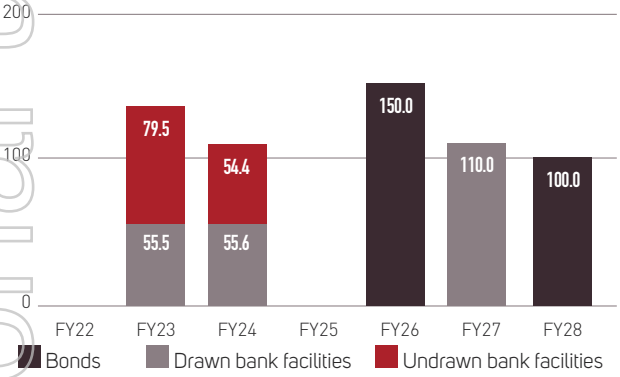
As a result of the above restructure and extending both the Westpac Banking Corporation and Commonwealth Bank of Australia debt facilities for a further year, the Trust has no debt maturing until April 2023 that is not covered by existing facilities and the SMBC restructured facility, with the option for both the Westpac Banking Corporation and Commonwealth Bank of Australia facilities to be extended for a further year each year, subject to agreement.

The debt maturity profile based on the above restructure is outlined below. Refer details in footnote 1 on page 12.

REFINANCED DEBT MATURITY PROFILE
Volume (A$m)



INTEREST RATE RISK MANAGEMENT

The Trust enters into 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 2021, the Trust's interest rate hedging cover was 91.3 per cent of borrowings, with $70.0 million of interest rate swaps and $360.0 million of fixed rate corporate bonds, against interest bearing debt of $471.1 million. The weighted average term to maturity of hedging was 3.5 years.

Due to the accounting requirement to mark the value of interest rate swap hedges to market, the Trust's hedging liabilities decreased to $0.8 million as at 30 June 2021 (2020: $2.8 million). The decrease in hedging liability during the year was due to the reduction in the average term to maturity of the interest rate swap profile.

GEARING

The Trust's gearing ratio (debt to total assets) at 30 June 2021 was 17.7 per cent (2020: 19.7 per cent), which is below the Board's preferred range of 20 to 30 per cent. The lower gearing provides flexibility for the Trust to take advantage of investment opportunities to create long-term value when they arise. The interest cover ratio (earnings before interest/interest expense) was 8.8 times (2020: 8.6 times).

DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan ("DRP") was in place for both the interim distribution and final distribution for the year ended 30 June 2021. 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 when required.

OPERATING ENVIRONMENT

As at 30 June 2021, approximately 86 per cent of the Trust's annual rental income was from Bunnings and therefore the Trust's earnings are linked to the ongoing success of the Bunnings business and the strength and direction of the underlying home improvement, outdoor living and lifestyle markets.

Bunnings is focused on long term value creation with a strategic agenda of: building and retaining the best team; delivery on price, range and experience; data and digital; growing commercial; and making a positive difference.[1]

As at 31 December 2020, Bunnings had a network of approximately 276 Bunnings Warehouse stores across Australia and New Zealand, and around 70 smaller format stores and 30 trade centres.[2]

For the six month period ended 31 December 2020, Bunnings Australia and New Zealand reported revenue of $9.05 billion, up 24.4 per cent on the previous corresponding period.[3] At the time, Bunnings indicated it had made the following progress on its strategic agenda:[4]

- INVESTING IN CUSTOMER EXPERIENCE
  - Investment in lower prices across a wide number of categories and products
  - 6,000 additional team members to service increased demand
  - Product display upgrades and refreshed ranges
- DEVELOPMENT OF THE DIGITAL AGENDA
  - Ongoing enhancements to website functionality
  - Increased online access to product ranges
  - Enhancements to Product Finder app for customer convenience
- STRONGER COMMERCIAL CUSTOMER RELATIONSHIPS
  - Expanded supply and install product offer for builders
  - New trade service desk format
  - More trailer parking spaces
  - Increased PowerPass app functionality and engagement with a five-times increase in transactions via the app to over one million

[1] Source: Wesfarmers Strategy Briefing Day, 3 June 2021, page 26.
[2] Source: Wesfarmers 2021 Half-year Results Briefing Presentation, 18 February 2021, page 49.
[3] Source: Wesfarmers 2021 Half-year Results Briefing Presentation, 18 February 2021, page 7.
[4] Source: Wesfarmers 2021 Half-year Results Briefing Presentation, 18 February 2021, page 19.

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MANAGING DIRECTOR'S REPORT (CONTINUED)

HOME IMPROVEMENT, OUTDOOR LIVING AND LIFESTYLE MARKET

Bunnings estimates the size of its addressable market in hardware, home improvement, outdoor living and lifestyle in Australia to be sales of $79 billion per annum.[1]

A number of factors drive the growth of the home improvement, outdoor living and lifestyle market including: household disposable income, renovation activity, housing churn, value and formation, weather, lifestyle and demographic trends and technology.

The market accounts for both consumer and commercial customer demand and includes: hardware and fixings, tools, plumbing, building materials and supplies, garden and landscaping supplies, lighting, paint, kitchen, laundry and bathroom supplies, gas appliances, floor and window coverings, outdoor furniture, storage and housewares. There is a wide array of competitors operating from a variety of different formats including: category specialists in plumbing, electrical, lighting, timber and garden supplies; hard goods mass merchants, traditional hardware retailers, suppliers direct-to-market, home improvement products sold in discount department stores and supermarkets, and large format home improvement retailers.

RETAILING MARKET AND TRENDS

The Trust's customers are predominantly sellers of retail goods or services in the home improvement, outdoor living and lifestyle, office supplies, outdoor leisure, automotive sales, and electrical and small appliances categories. Economic, technological, demographic and other trends that affect retailing generally, or certain aspects of retailing, may impact our customers from time to time. While the Trust's rental income is not directly linked to the sales turnover of the retailers, difficult retailing conditions or structural changes in retailing can impact on the demand for retailing space, affecting market rents, and in some cases may affect the longer term viability of some retailers.

Retailing continues to evolve rapidly, in line with changing customer needs, and also changes in technology, online trading, supply chains and sourcing. Bunnings operates in the structurally attractive Australian home improvement market, which is underpinned by high home ownership levels. The Bunnings business model has proven over a long period of time its resilience and ability to evolve in the face of changing market conditions.

The quality of the Trust's property investment portfolio, with its large, prominently located sites, with good accessibility and adjacency to other retail and community facilities, means that generally these should continue to be preferred locations for retailing or provide potential longer term alternative uses.

RISK CONSIDERATIONS

The Trust has a culture of balancing the commercial imperative of delivering a sustainable return to unitholders, with a strong focus on compliance and risk management, to meet the requirements of all stakeholders. The Trust is subject to high levels of regulatory oversight, in part because of the "related party" characteristics of the ownership structure, and the ASIC Australian Financial Services ("AFS") licensing aspects of its underlying business/structure. The processes and systems required to support the compliance regime are an important aspect of the Trust's approach to risk management, providing transparency and oversight at an operational level in the business. These are set out in a Compliance Plan, which is reviewed annually by the Board.

The key risk considerations are summarised below. The Trust does not consider there to be other specific social risks to which it is exposed, but remains vigilant in terms of broader retailing trends, and the business direction of its major customers.

COVID-19

The COVID-19 pandemic globally and in Australia continued to impact the economy, how we work, how we conduct business and how we engage socially throughout the 2020/21 financial year. While the measures implemented by the Federal and State Governments were effective in reducing the impact of the virus in Australia, there may be ongoing outbreaks of COVID-19 which will require further government response.

With a strong balance sheet, sufficient liquidity and a portfolio of well-located properties leased mainly to Bunnings and other national retailers, the Trust has been well-positioned to minimise the business impacts of COVID-19 so far.

FINANCIAL RISKS

The Trust is well positioned from a financial risk perspective with the majority of its counter party exposure to Wesfarmers Limited (A- S&P rating, A3 Moody's rating). The Trust's assets comprise a geographically diverse portfolio of large format retail properties, generally with long-term leases in place, 97.8 per cent leased at 30 June 2021 with a portfolio WALE of 4.2 years.

The Trust's capital structure (preferred gearing range 20 to 30 per cent) takes into account the dynamics of the property investment portfolio, and the lease terms of each asset. The Trust actively seeks to diversify its sources of debt funding, currently through two domestic banks, one international bank and via the domestic medium term note market.

As at 30 June 2021, the Trust had a portfolio of 74 properties, limiting the financial impact of vacancies or decline in rent for any particular property. The key economic risk for the Trust relates to interest rate movements, the impact of this on property capitalisation rates, and

[1] Source: Wesfarmers Strategy Briefing Day, 3 June 2021, page 24.

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the cost of debt funding. All investment proposals are evaluated in relation to longer term return objectives, which take into account interest rate cycles. The interest rate impact on debt funding is managed with Board approved levels of interest rate hedging.

CLIMATE-RELATED AND ENVIRONMENTAL RISKS AND OPPORTUNITIES

Climate-related risks and opportunities are identified in line with the responsible entity's risk management process and overarching risk management framework. The approach is overseen by the Board Audit and Risk Committee.

The risk management framework provides a structured and systematic risk management approach, and considers obligations under the Corporations Act, AFS Licence, ASX listing rules and other applicable laws and AS/NZS ISO 2100:2018 Risk Management – Guidelines.

It has been developed with regard for the nature, scale and complexity of the Trust's business, its risk profile and the context in which we operate, including the impacts of climate change.

The risk management process detailed within the framework is broken into eight key stages being: risk identification; risk control; risk rating; opportunity identification; risk appetite; risk and opportunity response planning; risk reporting; monitoring and review.

Risks are analysed and evaluated against a risk likelihood, impact and consequence matrix. Likelihood being the risk of occurrence after taking account of the key controls in place, impact being the potential financial and non-financial impact of the risk if it were to materialise and considering the controls in place. Each key risk is categorised based on its impact on returns from existing assets, growth from acquiring new assets and the value derived from how the scheme and its capital are managed.

Climate change is considered a key aspect of Environmental, Social and Governance ("ESG") risk. Mitigation strategies take into account:

- the solely domestic scope of the Trust's activities;
- the relatively passive nature of the Trust's business (essentially, leasing out established commercial property for retail use);
- the Trust's relatively uncomplicated and transparent structure; and
- the highly regulated framework under which the Trust and the responsible entity operate.

The geographic dispersion of the Trust's portfolio limits the exposure to physical climate events such as flood and fire to localised occurrences. The Trust reviews each property annually from a climate-related risk perspective.

The Trust is progressing with the implementation of relevant Task Force on Climate-related Financial Disclosure ("TCFD") recommendations. A summary of outcomes for the year ended 30 June 2021 is provided within the Sustainability section on page 25.

The Trust undertakes detailed due diligence on property acquisitions to fully understand levels of site contamination, as well as potential for exposure to climate related events, prior to committing to purchase.

SOCIAL SUSTAINABILITY RISKS

The Trust recognises the significant importance of ensuring that people's health and safety is not put at risk by its activities and operations. It has in place policies and practices to help identify health and safety risks and to manage those risks appropriately.

The responsible entity is committed to ensuring that the Trust's supply chain and business operations do not involve modern slavery, and has policies and procedures in place to manage the risk appropriately.

As far as practicable, the Trust's operational and supplier contract terms include requirements to comply with all relevant laws, and to meet minimum standards for ethical sourcing.

CYBER RISKS

Cyber security is a rapidly evolving risk consideration, and is assessed by the Trust in terms of awareness of and preparedness for potential security breaches, and capability to respond. The Trust does not have critical information, safety critical automated systems, services vital to the national infrastructure or revenue linked to online transactions, for which a cyber security breach could be detrimental to its ongoing operations. The Trust's primary exposure is limited to potential data breaches at various service providers. In this regard, the Trust engages with key service providers to ensure the risk of a data breach is minimised.

BWP'S OPERATIONS

Further information regarding the operations of the Trust is included in the Outlook, Our property portfolio, and Sustainability sections on pages 16 to 25.



Michael Wedgwood
Managing Director
BWP Management Limited

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OUTLOOK

The variables that could have the most influence on the financial performance of the Trust in the near term, include the strength of the Australian economy and the financial implications for the Trust's tenants, future investor demand for property, cost of funding, and the time and cost of repositioning properties in the portfolio vacated by Bunnings.

ECONOMIC AND PROPERTY MARKET CONDITIONS

For the year ended 30 June 2021, there continued to be strong investor demand for Bunnings Warehouse properties. This was driven by the low interest rate environment and the search by investors for yields higher than interest rates, the strong Bunnings financial covenant, and the relative risk of a Bunnings Warehouse investment, compared to other property and other asset classes.

The value of the Trust's property portfolio at 30 June 2021 reflects the continuing strong market support for Bunnings Warehouse properties from an investment and risk perspective. The Trust will remain disciplined in its investment approach to ensure it is well placed to create value from any new property investments.

Approximately 55 per cent of the Trust's rental income is subject to CPI annual adjustment and 45 per cent is subject to fixed annual adjustment, other than in years in which respective properties are due for a market rent review (typically every five years for most of the Trust's existing portfolio). The Trust will have lower incremental rental growth while CPI remains low, compared to historical levels.

For the year ending 30 June 2022, CPI reviews will apply to 50 per cent of the base rent, with leases subject to a market rent review comprising 11 per cent of the base rent, and with the balance of 39 per cent reviewed to fixed increases of three to four per cent.

HOME IMPROVEMENT RETAIL SECTOR AND BUNNINGS PERFORMANCE AND GROWTH

The strength and outlook for the home improvement, outdoor living and lifestyle market in Australia and the ongoing financial success of the Bunnings business is important for the future financial performance of the Trust.

The ongoing evolution and financial performance of the Bunnings business and how that impacts the duration of occupancy of Bunnings at the Trust's properties, the number of vacancies, and the higher and better use potential of properties in the Trust's portfolio, will be more important for the Trust's performance in the longer term.

PROPERTIES VACATED BY BUNNINGS

Properties vacated by Bunnings are generally attractive for home improvement, supermarkets, neighbourhood shopping centres, activity, experiences, healthcare, self-storage, automotive and last mile distribution.

In some cases there are opportunities to re-zone properties for residential and other mixed uses.



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BUNNINGS SMITHFIELD, QLD

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OUR PROPERTY PORTFOLIO

As at 30 June 2021 the Trust owned 74 investment properties, all within Australia, with a total value of $2.6 billion and a weighted average lease expiry of 4.2 years.

PORTFOLIO AT A GLANCE

	2021	2020	2019	2018	2017
Bunnings Warehouses	**58**	61	62	68	71
Bunnings Warehouse with other showrooms	**7**	7	7	8	8
Large format retail showrooms	**6**	5	4	1	1
Vacant properties	**3**	2	2	2	-
Total BWP portfolio	**74**	75	75	79	80
Annual capital expenditure	**$16.8m**	$29.3m	$19.1m	$4.2m	$2.4m

ACQUISITIONS AND DIVESTMENTS

Although there were no properties acquired during the year, the Trust made offers to purchase a number of properties.

The Trust actively continues to look for value creating opportunities.

In May 2021, the Trust sold the Underwood property in Queensland for $16.0 million to an unrelated third party.

In addition, the Trust entered into an agreement to sell the Mindarie property in Western Australia for $14.5 million to an unrelated third party with settlement occurring on 30 July 2021.

DEVELOPMENTS

COMPLETION OF EXPANSION OF BUNNINGS WAREHOUSE, CROYDON, VICTORIA

In March 2021, the expansion of the Croydon Bunnings Warehouse, Victoria, was completed at a cost of $4.0 million. The annual rental increased by approximately $0.2 million. The parties have entered into a new 10 year lease with one, 10 year option, exercisable by Bunnings. The annual rent will increase by CPI and market rent reviews are scheduled at the end of year 10, and year 15 should Bunnings exercise its option. 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, ("10 per cent cap") and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent ("10 per cent collar").

COMPLETION OF EXPANSION OF BUNNINGS WAREHOUSE, PORT MELBOURNE, VICTORIA

In June 2021, the expansion of the Port Melbourne Bunnings Warehouse, Victoria, was completed at a cost of $6.6 million. The annual rental increased by approximately $0.4 million. The parties have entered into a new 10 year lease with two, five year options, exercisable by Bunnings. The annual rent will increase by CPI and market rent reviews are scheduled at the end of year 10, and year 15 should Bunnings exercise its option. 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 five per cent collar, meaning that the rent cannot fall more than five per cent below the preceding year's rent.

CAPITAL IMPROVEMENTS

During the year, the Trust invested $1.3 million on LED lighting at various properties and approximately $4.9 million was spent on various other improvements to the portfolio.

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, 86 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 1.6 per cent in the annual rent for these properties.

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MARKET RENT REVIEWS FOR BUNNINGS WAREHOUSE PROPERTIES

The market rent reviews that were due for two Bunnings Warehouses during the year ended 30 June 2020 and 11 during the year ended 30 June 2021 are still being negotiated or are being determined by an independent valuer and remain unresolved.

The market rent reviews completed during the year are shown in the following table.

BUNNINGS MARKET RENT REVIEW RESULTS SUMMARY

Property location	Passing rent ($ pa)	Market review ($ pa)	Variance (%)	Effective date
Wollongong, NSW[1,2]	1,469,571	1,405,000	(4.4)	9-Feb-18
Villawood, NSW[1,3]	1,738,610	1,827,000	5.1	14-May-18
Browns Plains, QLD[2,4]	1,791,153	1,793,000	0.1	7-May-19
Thornleigh, NSW[3,5]	1,420,291	1,420,291	-	6-Sep-19
Maitland, NSW[3,5]	1,451,887	1,451,887	-	18-Oct-19
Albany, WA[2,5]	904,854	790,000	(12.7)	1-Nov-19
Bibra Lake, WA[2,5]	1,757,639	1,671,000	(4.9)	1-Nov-19
Noarlunga, SA[2,5]	1,581,718	1,650,000	4.3	1-Nov-19
Mornington, VIC[2,5]	1,760,103	1,800,000	2.3	13-Dec-19
Morayfield, QLD[2,5]	1,894,531	1,880,000	(0.8)	22-Mar-20
Mile End, SA[2,5]	2,504,634	2,542,845	1.5	23-Mar-20
Vermont South, VIC[3]	2,296,981	2,296,981	-	15-Aug-20
Northland, VIC[3]	2,029,869	2,029,869	-	19-Aug-20
Total	**22,601,840**	**22,557,873**	**(0.2)**	

[1] The market rent review was due during the year ended 30 June 2018, but the outcome was only finalised during the current financial year.
[2] The market rent review was determined by an independent valuer.
[3] The market rent review was agreed between the parties.
[4] The market rent review was due during the year ended 30 June 2019, but the outcome was only finalised during the current financial year.
[5] The market rent review was due during the year ended 30 June 2020, but the outcome was only finalised during the current financial year.

LIKE-FOR-LIKE RENTAL GROWTH

Excluding rental income from properties acquired, sold, upgraded or vacated and re-leased during or since the previous corresponding period, rental income increased by approximately 1.6 per cent for the 12 months to 30 June 2021 (compared to 2.1 per cent for the 12 months to 30 June 2020, amended from 2.4 per cent to take into account market rent reviews finalised post year end).

The 13 unresolved market reviews at 30 June 2021 are not included in the calculation of like-for-like rental growth for the year.

OCCUPANCY

As at 30 June 2021, the portfolio was 97.8 per cent leased.

It is the nature of the Bunnings business model that its property requirements for some locations change over time as is the case for nine properties in the property investment portfolio. These properties are highlighted in the portfolio rental summary that follows. In all cases, Bunnings has relocated or is in the process of relocating to a new nearby site in the same demographic area. For any Bunnings Warehouse, 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. Good progress is being made on finding alternative uses for these properties.

PROPERTY REVALUATIONS

The entire Trust portfolio was revalued at 31 December 2020 and again at 30 June 2021, including 19 property revaluations performed by independent valuers (11 at 31 December 2020 and eight at 30 June 2021). 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 $151.9 million to $2,636.1 million during the year following capital expenditure of $16.8 million and revaluation gains of $149.2 million, after adjusting for the straight-lining of rent of $1.7 million and less net proceeds from divestments of $15.8 million.

The net revaluation gain was due mainly to growth in rental income and an average decrease in capitalisation rates across the portfolio during the year. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2021 was 5.65 per cent (December 2020: 5.84 per cent; June 2020: 6.08 per cent).

NUMBER OF PROPERTIES

Australian Capital Territory	2
New South Wales	16
Queensland	18
South Australia	2
Victoria	20
Western Australia	16
Total	**74**

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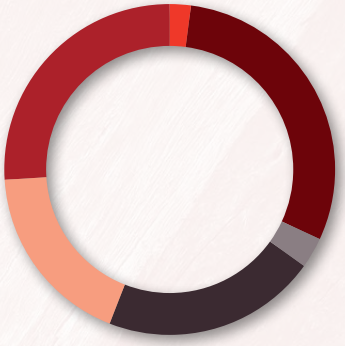
OUR PROPERTY PORTFOLIO



GROSS LETTABLE AREA BY STATE

ACT	2%
NSW	20%
QLD	25%
SA	3%
VIC	28%
WA	22%



ASSET VALUE BY STATE

ACT	2%
NSW	22%
QLD	25%
SA	3%
VIC	33%
WA	15%

18

LOCATIONS
TOTAL LAND AREA: 61.6 HA

QUEENSLAND

18

LOCATIONS
TOTAL LAND AREA: 55.6 HA

NEW SOUTH WALES & AUSTRALIAN CAPITAL TERRITORY

20

LOCATIONS
TOTAL LAND AREA: 68.7 HA

VICTORIA

16

LOCATIONS
TOTAL LAND AREA: 46.9 HA

WESTERN AUSTRALIA

2

LOCATIONS
TOTAL LAND AREA: 5.9 HA

SOUTH AUSTRALIA

74

LOCATIONS
TOTAL LAND AREA: 238.7 HA

TOTAL

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As at 30 June 2021	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sqm	$000	$000
AUSTRALIAN CAPITAL TERRITORY			
Fyshwick[3]	6,648	1,299	25,400
Tuggeranong	11,857	1,843	33,500
Total	**18,505**	**3,141**	**58,900**
NEW SOUTH WALES			
Artarmon	5,746	1,710	32,600
Belmont North	12,640	1,200	9,000
Belrose	8,888	2,113	38,400
Dubbo	16,344	1,674	23,000
Greenacre	14,149	2,955	53,600
Hoxton Park	25,607	4,108	65,200
Lismore	9,892	1,466	26,500
Maitland	12,797	1,437	23,000
Minchinbury	16,557	2,979	59,600
Port Macquarie	7,387	1,442	18,700
Rydalmere	16,645	3,456	72,600
Thornleigh	5,301	1,406	26,800
Villawood	12,678	2,195	43,900
Wagga Wagga[5]	13,774	1,566	13,000
Wallsend	16,863	2,286	45,500
Wollongong	10,811	1,459	23,300
Total	**206,078**	**33,451**	**574,700**
QUEENSLAND			
Arundel	15,676	2,607	46,200
Bethania	13,494	2,120	35,600
Brendale	15,035	2,242	41,500
Browns Plains	18,398	3,313	50,300
Cairns[4]	12,917	-	8,500
Cannon Hill	16,556	2,619	51,300
Fairfield Waters	13,645	1,814	29,000
Gladstone	21,516	3,654	51,000
Hervey Bay[5]	11,824	1,356	11,100
Manly West	13,021	2,448	43,000
Morayfield	12,507	1,896	32,000
Mount Gravatt	11,824	1,407	23,000
North Lakes	18,861	2,976	56,500
Rocklea	14,403	2,200	37,000
Smithfield	13,094	1,696	26,300
Southport	12,431	1,772	29,400
Townsville North	14,038	1,900	30,500
West Ipswich	14,977	2,716	48,000
Total	**264,217**	**38,736**	**650,200**

As at 30 June 2021	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sqm	$000	$000
SOUTH AUSTRALIA			
Mile End	15,065	2,565	46,700
Noarlunga	14,784	1,644	25,300
Total	**29,849**	**4,209**	**72,000**
VICTORIA			
Bayswater	17,677	2,673	50,200
Broadmeadows	12,765	2,041	43,000
Caroline Springs	14,319	1,892	34,400
Coburg	24,728	4,385	70,600
Craigieburn	16,764	1,827	33,200
Croydon	15,482	2,207	46,800
Fountain Gate	12,624	1,760	32,000
Frankston	13,843	2,171	37,700
Hawthorn	9,831	3,381	60,900
Maribyrnong	17,550	3,033	63,900
Mentone	8,271	2,390	36,300
Mornington	13,324	1,812	32,000
Northland[5]	13,006	2,030	32,500
Nunawading[6]	14,766	2,493	51,500
Pakenham	14,867	2,138	35,100
Port Melbourne	15,146	2,704	67,500
Scoresby	12,515	2,008	34,900
Springvale	13,458	2,275	43,300
Sunbury	15,270	2,043	37,100
Vermont South	16,634	2,297	41,800
Total	**292,839**	**47,560**	**884,700**
WESTERN AUSTRALIA			
Albany[5, 7]	13,660	787	8,800
Australind	13,700	1,493	26,000
Balcatta	25,439	2,248	40,900
Belmont	10,381	1,631	28,400
Bibra Lake	14,141	1,665	29,000
Cockburn	12,839	1,827	31,800
Ellenbrook	15,337	2,109	36,700
Geraldton	17,874	1,350	20,000
Harrisdale	17,124	2,561	43,000
Joondalup	13,358	1,176	15,000
Mandurah	8,662	1,383	21,400
Midland[5]	13,694	1,881	17,900
Mindarie[5]	14,479	1,727	14,500
Morley[4]	9,852	-	13,000
Port Kennedy[4]	11,675	344	10,000
Rockingham	15,188	2,154	39,200
Total	**227,403**	**24,336**	**395,600**

As at 30 June 2021	Gross lettable area[1]	Annual rental[2]	Value
Suburb	sqm	$000	$000
Grand Total	**1,038,891**	**151,434**	**2,636,100**

Note: Totals and Grand Total adjusted for rounding

1 For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse.

2 Annual rental figures do not include access fees detailed below.

3 Includes adjoining property (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of $301,020 per annum.

4 Vacant property which is no longer leased to Bunnings

5 Sites that Bunnings has or is in the process of vacating, that are still leased to Bunnings.

6 Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of $126,935 per annum.

7 Includes adjoining land (1.2 hectares) for which Bunnings Group Limited pays the Trust an access fee of $211,882 per annum.



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SUSTAINABILITY

The Trust's carbon emissions of 177 tonnes for the year ended 30 June 2021 are inherently low because of the structure and operational control boundaries that exist. BWP is investing in energy efficiency and low emissions technologies to further reduce those emissions, and is in the process of purchasing Australian Carbon Credit Units ("ACCUs") to offset any residual emissions.

The Trust is committed to acting responsibly and ethically, and operating its business in a manner that is sustainable.

BWP acknowledges climate change as a risk that may have an impact on the properties we own, the businesses that operate from them, the communities we operate within, and our financial performance.

The Trust is committed to actively participate in transitioning to a low-carbon economy. A summary of progress for the year ended 30 June 2021 is set out on the following page.

The Trust's approach takes into account the size and nature of the Trust's operations and the relatively modest actual or potential impacts on the environment and society.

Environmentally, the Trust's ownership and management of established commercial property is considered to be low in intensity in terms of emissions, waste, and use of energy and materials, and low impact on biodiversity.

Social and governance impacts are limited due to the passive nature and localised scope of the Trust's operations and the regulated environment in which it operates.

To support the Trust's commitment to sustainability, and in recognition of the increasing need for businesses to support the transition to an economy with lower dependence on carbon intensive energy sources, we are progressing the adoption of TCFD recommendations for management of climate-related risks and opportunities.

The Trust has adopted a phased approach to aligning with the TCFD recommendations. The initial phase has been focused on establishing appropriate policies and fully understanding the risks and opportunities.

During the year, the Trust continued to focus on improving the energy efficiency of our properties and the replacement of ozone depleting air conditioning units in some of the older properties.

Further detail on the Trust's approach to sustainability is available in the Sustainability section, under the **About Us** tab, of the Trust's website.



BUNNINGS WALLSEND, NSW

KEY SUSTAINABILTY ACTIONS

ACTIONS	PROGRESS DURING THE YEAR	PRIORITIES
Operational carbon emissions reduction	> 177 tonnes of CO^2 generated for the year ended 30 June 2021. The Trust is in the process of purchasing 500 Australian Carbon Credit Units to offset these emissions > In addition the Trust avoided 268.4 tonnes of CO^2 emissions as a result of our solar generation across the portfolio	> Further investment in solar and energy efficient lighting > Purchase of Australian Carbon Credit Units to offset residual operational carbon emissions
Implementation of TCFD recommendations	**CLIMATE RELATED GOVERNANCE** > Approved a newly developed Climate Change Policy which explicitly confirms the Board's oversight of climate-related issues > Further defined responsibility for climate-related risks and opportunities within management processes, governance frameworks and the Board's oversight > Engaged the Board in a strategic review of the Risk Management Framework, and elevated climate-related risk to a strategic risk to improve Board oversight and visibility > Amended Board and Audit and Risk Committee Charters to assign responsibilities for assessing and managing climate-related risk exposures	> Continue to incorporate TCFD recommendations as "standard business-as-usual practice" into our policies, procedures and practices
	CLIMATE RELATED STRATEGY > Undertook scenario analyses to better understand the impacts, risks and opportunities related to climate risk. Two climate change scenarios, a 2°C and 4°C, were evaluated, with 11 risks and three opportunities identified. When assessed under our risk management framework, the 11 identified climate-related risks did not meet the threshold of a material business risk. Material risks for the Trust are considered to be those which are assessed as being of a substantive financial or strategic nature under the responsible entity's risk management framework > Commissioned a review of reporting boundaries and calculation methodology for scope 1 and scope 2 emissions as captured in the Trust's emissions inventory > Reviewed climate risk in line with the risk management framework	> Continue to better understand the impact climate risk may have on insurance affordability and funding availability, particularly in relation to those assets in areas at higher risk of severe weather events > Incorporate the impact into financial and strategic plans > Continue to work to understand the most effective approach to mitigation of these risks > Continue to develop understanding of how scenarios apply to each property and how to best incorporate these learnings into the right tools to assist in managing our portfolio, strengthening due diligence processes and embedding resilience into our long-term strategy for the short, medium and long-term > External assurance of emissions inventory
Property improvements	> A further 12 air conditioning units were replaced to phase out ozone depleting refrigerant models and initiatives introduced to improve efficiency of air conditioning units. New non ozone depleting refrigerants were also retrofitted into larger air conditioning systems in one store owned by the Trust > New energy efficient LED lights were installed internally in eight stores during the year. As at 30 June 2021, 96 per cent of the Trust owned stores had LED lighting in one or more of the car park, nursery trading area, canopy trading area, or in the main store > Solar power generation was installed at three properties, bringing the total installations to 23 > A Tesla Battery has been installed and continues to collect surplus energy from the solar installation which is used on site at one property > 91 per cent of the Trust-owned stores have in place water tanks for the recycling of roof collected rain water	> Continue programme for phasing out ozone depleting air conditioning systems > Continue to work with our major customers to roll out energy efficient LED lighting into existing properties, as and when appropriate, and also to install roof based solar panels on buildings where the energy saving benefits are significant
Customer and supplier engagement	> Continued dialogue with Bunnings regarding its sustainability initiatives, particularly in relation to reducing energy consumption through the upgrade of lighting in existing stores to energy efficient LED technology, and the installation of solar power generation	> Continue to engage with the Trust's customers for a co-operative approach to sustainability initiatives, particularly in relation to LED lighting, and solar energy capture
Environmental, social and governance reporting	> Participating in the 2021 Carbon Disclosure Project survey	> Continue reporting on our progress in improving the energy efficiency of the Trusts properties reducing operational carbon emissions and implementation of TCFD recommendations

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CORPORATE GOVERNANCE

We believe that our corporate governance framework is fundamental for maintaining high standards of corporate governance. Good corporate governance supports a culture that values ethical behaviour, integrity, respect; and is critical for protecting unitholders' interests and the interests of other stakeholders.

COMMITMENT TO CORPORATE GOVERNANCE

The Board of the responsible entity is committed to maintaining and promoting a high standard of corporate governance in relation to the responsible entity and the Trust. BWP's corporate governance framework is underpinned by the Trust's Compliance Plan and further supported by the responsible entity's policies, systems, procedures and practices.

The responsible entity's corporate governance model is illustrated below.

ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Under ASX Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (ASX Recommendations).

A number of these recommendations have been acknowledged by ASX as not being applicable to externally managed entities.

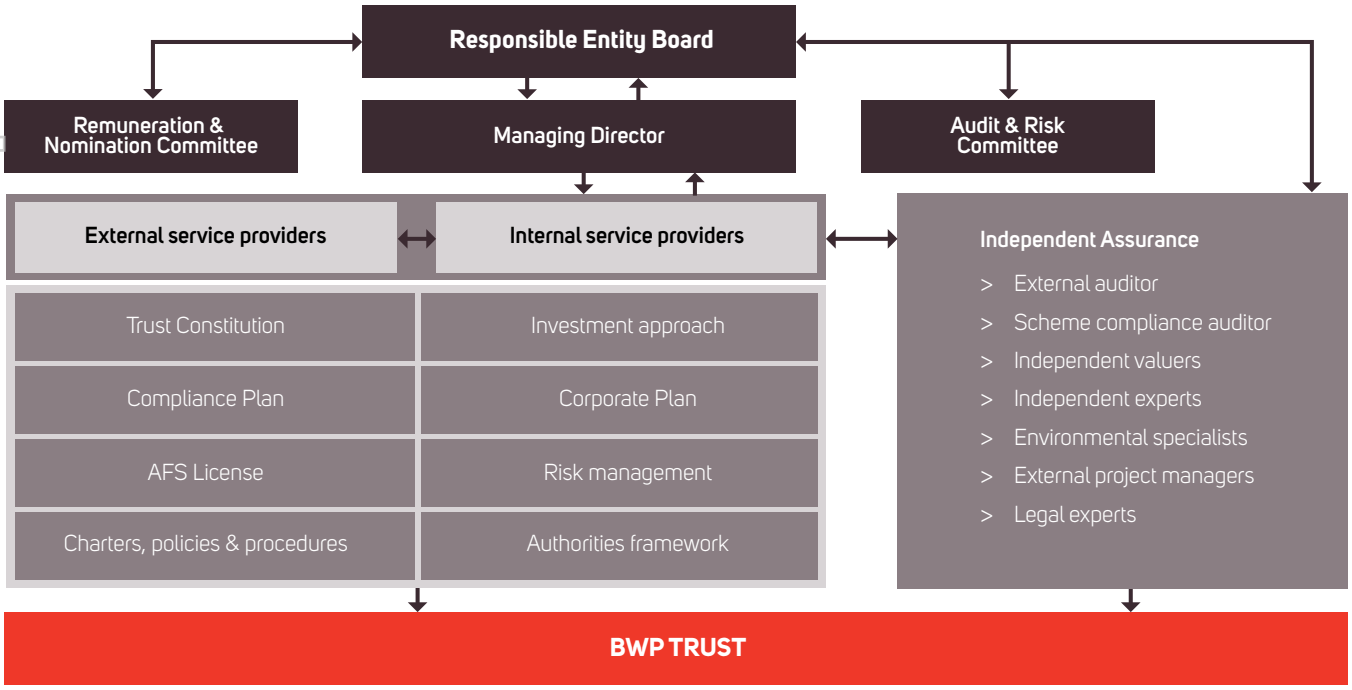
The Trust is classified by the ASX as an "externally managed listed entity". As such, there are some ASX Recommendations that are not applicable and which we have not adopted. There are others that are not applicable, however we have provided additional disclosures where possible so as to demonstrate BWP's commitment to the corporate governance principles as advocated by the ASX Corporate Governance Council.

OUR COMPLIANCE IN 2021

Throughout the reporting year to 30 June 2021, the Trust's governance arrangements complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) as they apply to externally managed listed entities.

The charters and policies referred to in the Corporate Governance Statement are available on the Trust website.

The Trust's 2021 Corporate Governance Statement can be viewed in the Corporate Governance section under the **About Us** tab of the Trust's website.



BOARD OF DIRECTORS



ERICH FRAUNSCHIEL AGE: 75

BCom (Hons), FCPA, FAICD
Chairman, Non-executive external director

Member of the Audit and Risk Committee

Chairman of the Remuneration and Nomination Committee

Joined the Board in February 2015 and was appointed Chairman in December 2015. A professional non-executive director since 2002, Erich has held board positions with a number of listed and unlisted companies.

Past directorships include Woodside Petroleum Limited, WorleyParsons Limited, Wesfarmers General Insurance Limited, Rabobank Australia Limited, Rabobank New Zealand Limited, West Australian Newspapers Holdings Limited and Foodland Associated Limited.

Until his retirement in 2002, Erich was a senior executive of Wesfarmers Limited, including Executive Director and Chief Financial Officer. Prior to this he was involved in investment banking, project lending and venture capital investment.



MICHAEL WEDGWOOD AGE: 58

B.Com, MSc (Finance), GAICD
Managing Director

Appointed to the Board as Managing Director in February 2014. Since joining Wesfarmers Limited in 1995, Michael has held a number of senior executive roles across the Wesfarmers Group including appointments as General Manager Finance at Wesfarmers for a period of five years and also as the Chief Financial Officer of Bunnings Group Limited for a period of nine years. Immediately prior to joining BWP, he held the role of Executive General Manager, Business Improvement for the Wesfarmers Group. Before joining Wesfarmers, he held finance roles with the HSBC Group in Australia and Hong Kong, and prior to that with Arthur Andersen.



FIONA HARRIS AM AGE: 60

BCom, FCA, FAICD
Non-executive external director

Chairman of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the Board in October 2012. A professional non-executive director for over 25 years, Fiona has held board positions on more than 25 companies covering a range of industries and geographies. She is a former member of the National Board and a former WA State President of the Australian Institute of Company Directors and is a member of Chief Executive Women. Fiona is currently a director of ASX listed company Oil Search Limited and unlisted companies Perron Group Limited and Linear Clinical Research Limited.

Fiona was previously a Sydney-based partner of chartered accountants, KPMG, retiring in December 1994.



TONY HOWARTH AO AGE: 69

CitWA, Hon.LLD (UWA), SF Fin(Life), FAICD(Life)
Non-executive director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the board in October 2012. Tony is a Life Fellow of the Australian Institute of Company Directors and the Financial Services Institute of Australasia and has more than 30 years' experience in the banking and finance industry. He has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited.

Tony is a Director of ASX-listed company Coventry Group Ltd and Chairman of Alinta Energy Pty Limited. He is an Adjunct Professor (Financial Management) at The University of Western Australia Business School and a former member of The University of Western Australia Business School Advisory Board.

Past listed company directorships held in the last three years include Wesfarmers Limited (2007 to November 2019).



ALISON QUINN AGE: 54

BCom, FAIM, FUDIA, GAICD
Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the Board in December 2019. Alison is an experienced director, CEO and executive with an extensive background in property development, aged care, banking and finance. Between 2016 and 2019, she was CEO of RetireAustralia. Prior to that, she held a number of senior executive positions with entities including Aveo Limited, Growth Management Queensland and Mulpha Group.

She is a non-executive director of SunCentral Maroochydore Pty Ltd; a member of the Advisory Panel of Economic Development Queensland; Independent Chair of Investment Advisory Committees for QIC Property and Office Funds and a non-executive director of Uniting Care Queensland.



MIKE STEUR AGE : 62

DipVal, FPINZ(Life), FRICS, FAPI, MAICD
Non-executive external director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Joined the Board in February, 2015. Mike is a Sydney-based professional director who has more than 35 years' experience in property: spanning valuation, asset management and advisory within Australia, New Zealand, the Pacific Islands and across Asia.

He has previously held senior executive roles at CBRE and was previously Chair of the Royal Institution of Chartered Surveyors Global Valuation Professional Group. Mike is an experienced non-executive director, currently serving on the boards of Dexus Wholesale Property Limited, Dexus Wholesale Funds Limited, Centuria Funds Management (NZ) Limited and other Centuria-related entities.

Past listed company directorships held in the last three years include the New Zealand listed Kiwi Property Group Limited.

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AMART PORT MACQUARIE, NSW





FINANCIAL STATEMENTS

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	June 2021 $000	June 2020 $000
Revenue	1	**152,242**	155,781
Expenses			
Finance costs	2	**(14,960)**	(15,519)
Responsible entity's fees	2	**(14,730)**	(14,364)
Other operating expenses	2	**(8,566)**	(8,820)
Total expenses		**(38,256)**	(38,703)
Profit before gains on investment properties		**113,986**	117,078
Unrealised gains in fair value of investment properties	6	**149,183**	93,564
Profit attributable to the unitholders of BWP Trust		**263,169**	210,642
Other comprehensive income			
Items that are or 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		**2,047**	1,989
- Unrealised losses on cash flow hedges		**(53)**	(988)
Total comprehensive income for the year attributable to the unitholders of BWP Trust		**265,163**	211,643
Basic and diluted earnings (cents per unit)	12	**40.97**	32.79

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 2021

	Note	June 2021 $000	June 2020 $000
ASSETS			
Current assets			
Cash	3	**33,068**	64,189
Receivables and prepayments	4	**5,436**	4,188
Assets held for sale	5	**14,500**	-
Total current assets		**53,004**	68,377
Non-current assets			
Investment properties	6	**2,621,600**	2,484,200
Total non-current assets		**2,621,600**	2,484,200
Total assets		**2,674,604**	2,552,577
LIABILITIES			
Current liabilities			
Payables and deferred income	7	**23,151**	18,286
Distribution payable	8	**59,549**	59,549
Interest-bearing loans and borrowings	9	**110,353**	-
Derivative financial instruments		**778**	363
Total current liabilities		**193,831**	78,198
Non-current liabilities			
Interest-bearing loans and borrowings	9	**364,357**	503,226
Derivative financial instruments		**-**	2,408
Total non-current liabilities		**364,357**	505,634
Total liabilities		**558,188**	583,832
Net assets		**2,116,416**	1,968,745
EQUITY			
Equity attributable to unitholders of BWP Trust			
Issued capital	10	**945,558**	945,558
Hedge reserve	11	**(778)**	(2,772)
Undistributed income		**1,171,636**	1,025,959
Total equity		**2,116,416**	1,968,745

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

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	June 2021 $000	June 2020 $000
Cash flows from operating activities			
Rent received		**168,057**	163,822
Payments to suppliers		**(25,424)**	(24,674)
Payments to the responsible entity		**(14,735)**	(14,007)
Finance income		**26**	153
Finance costs		**(15,574)**	(15,620)
Net cash flows from operating activities	3	**112,350**	109,674
Cash flows from investing activities			
Receipts from forfeited deposits		**-**	2,700
Receipts from the sale of investment properties		**15,766**	-
Payments for additions to investment properties		**(13,229)**	(29,675)
Net cash flows from/ (used in) investing activities		**2,537**	(26,975)
Cash flows from financing activities			
Proceeds from borrowings		**99,936**	90,514
Repayments of borrowings		**(128,452)**	-
Distributions paid		**(117,492)**	(126,935)
Net cash flows used in financing activities		**(146,008)**	(36,421)
Net (decrease)/ increase in cash		**(31,121)**	46,278
Cash at the beginning of the financial year		**64,189**	17,911
Cash at the end of the financial year	3	**33,068**	64,189

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 2021

	Issued capital $000	Hedge reserve $000	Undistributed income $000	Total $000
Balance at 1 July 2019	945,558	(3,773)	932,809	1,874,594
Profit attributable to unitholders of BWP Trust	-	-	210,642	210,642
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	1,001	-	1,001
Total comprehensive income for the year	-	1,001	210,642	211,643
Distributions to unitholders	-	-	(117,492)	(117,492)
Total transactions with unitholders of BWP Trust	-	-	(117,492)	(117,492)
Balance at 30 June 2020 and 1 July 2020	**945,558**	**(2,772)**	**1,025,959**	**1,968,745**
Profit attributable to unitholders of BWP Trust	-	-	263,169	263,169
Other comprehensive income:				
Effective portion of changes in fair value of cash flow hedges	-	1,994	-	1,994
Total comprehensive income for the year	-	1,994	263,169	265,163
Distributions to unitholders	-	-	(117,492)	(117,492)
Total transactions with unitholders of BWP Trust	-	-	(117,492)	(117,492)
Balance at 30 June 2021	**945,558**	**(778)**	**1,171,636**	**2,116,416**

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

BWP Trust ("the Trust") is a for profit unit trust of no fixed duration, constituted under a Trust Deed dated 18 June 1998 as amended, and the Trust's units are publicly traded on the Australian Securities Exchange. The Trust is managed by BWP Management Limited ("the responsible entity"). Both the Trust and the responsible entity are domiciled in Australia.

The Trust has a policy 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.

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

ABOUT THIS REPORT

The financial report of the Trust for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors of the responsible entity on 4 August 2021. The directors have the power to amend and reissue the financial report.

The financial statements are a general purpose financial report which:

- has been prepared in accordance with the requirements of the Trust's constitution, the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value;
- is presented in Australian dollars, which is the Trust's functional currency, and all values are rounded to the nearest thousand dollars ($000) under the option available to the Trust under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, unless otherwise stated;
- does not early adopt a number of new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective. 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.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In applying the Trust's accounting policies, management regularly evaluates judgements, estimates and assumptions based on experience and other factors, including expectations about future events that may have an impact on the Trust. Judgements and estimates which are material to the financial report are found in the following notes:

Note 6: Investment properties	Page 37 and 38
Note 13: Financial risk management	Page 44

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

SEGMENT INFORMATION

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.

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 of the Trust relating to revenue, profit or loss, assets and liabilities or other material items.

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1. REVENUE

	June 2021 $000	June 2020 $000
Rental income	**151,871**	152,589
Less: rental abatements	**(474)**	(436)
Other property income[1]	**819**	3,475
Finance income	**26**	153
Revenue	**152,242**	155,781

[1] FY20 includes $2.7million of deposits forfeited from a third party, due to property sales that did not proceed.

The Trust has leases with a small number of tenants, such as gym operators, that were subject to COVID-19 mandatory closure by Federal and/or State governments during the year ended 30 June 2021. Rent abatements totalling $473,571 (2020: $435,886) were granted in the year ended 30 June 2021.

Subsequent events – COVID-19

The continuing economic uncertainty in relation to COVID-19 may require the Trust to grant further rent abatements and/ or rent deferrals. Factors including the length and timing of any mandatory closures and government mandated restrictions will influence the requirement to waive or defer further rent. This may also have a future impact on valuations.

RECOGNITION AND MEASUREMENT

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 using the following criteria:

Rental and other property income

As required under IFRS 16 *Leases*, rental income from operating leases is recognised on a straight-line basis over the lease term for leases that have fixed rental increases. Leases that are based on a variable future amount, including CPI linked rental increases, are only recognised when contractually due. An asset will be recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease revenue in future periods. These assets will be recognised as a component of investment properties.

Finance income

Finance income is interest income on bank deposits and is recognised as the interest accrues, using the effective interest method.

2. EXPENSES

	June 2021 $000	June 2020 $000
Interest expense on debt facilities	**12,913**	13,530
Interest expense on interest rate swaps	**2,047**	1,989
Finance costs	**14,960**	15,519
Responsible entity's fees	**14,730**	14,364
Non-recoverable property costs[1]	**7,813**	7,904
Listing and registry expenses	**524**	523
Unitholder meeting costs	**-**	92
Other	**229**	301
Other operating expenses	**8,566**	8,820

[1] Included in non-recoverable property costs are amounts paid or payable of $3,018,674 (2020: $2,980,627) for Queensland Land Tax which under the state legislation when the lease was entered into cannot be on-charged to tenants.

RECOGNITION AND MEASUREMENT

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.

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 16).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. CASH

	June 2021 $000	June 2020 $000
Cash at bank	**33,068**	64,189
Weighted average effective interest rates	**0.16%**	0.50%

Reconciliation of operating profit to the net cash flows from operating activities:

	June 2021 $000	June 2020 $000
Profit for the year attributable to unitholders of BWP Trust	**263,169**	210,642
Net fair value change on investment properties	**(150,894)**	(96,735)
Less: forfeited deposits received transferred to investing activities	**-**	(2,700)
(Increase)/decrease in receivables and prepayments	**(1,279)**	1,188
Increase/(decrease) in payables and deferred income	**1,354**	(2,721)
Net cash flows from operating activities	**112,350**	109,674

RECOGNITION AND MEASUREMENT

Cash at bank

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

4. RECEIVABLES AND PREPAYMENTS

	June 2021 $000	June 2020 $000
Receivables from Wesfarmers Limited[1] subsidiaries	**76**	195
Other receivables	**759**	423
Prepayments	**4,601**	3,570
	5,436	4,188

[1] Wesfarmers Limited is a related party (see Note 16).

RECOGNITION AND MEASUREMENT

Impairment

Receivables of $257,184 were overdue at 30 June 2021 (2020: $201,831).

An allowance for expected credit losses in respect of receivables of $90,743 has been made during the current year (2020: $131,192). Based on historic default rates, the Trust believes that no other credit losses are expected.

5. ASSETS HELD FOR SALE

	June 2021 $000	June 2020 $000
Current	**14,500**	-

During the period, the Trust entered into an agreement to sell the Trust's Mindarie property to an unrelated third party, with settlement occurring in late July 2021.

RECOGNITION AND MEASUREMENT

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 the assets are measured at the lower of their carrying amount and fair value less costs to sell.

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6. INVESTMENT PROPERTIES

Reconciliation of the carrying amount of investment properties:

	June 2021 $000	June 2020 $000
Balance at the beginning of the financial year	**2,484,200**	2,358,200
Divestments during the year	**(15,766)**	-
Reclassification to assets held for sale	**(14,500)**	-
Capital improvements during the year	**16,772**	29,265
Straight-line lease income	**1,711**	3,171
Net unrealised gains from fair value adjustments	**149,183**	93,564
Balance at the end of the financial year	**2,621,600**	2,484,200

RECOGNITION AND MEASUREMENT

Investment property is initially measured at cost, including the associated transaction costs including but not limited to stamp duty, and subsequently at fair value with any change therein recognised in profit and loss.

Subsequent revaluations to fair value according to the Trust's revaluations policy may result in associated transaction costs appearing as a negative adjustment (loss) in fair value for the respective property, should the property be revalued to the initial purchase price.

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 attributed to unitholders.

Fair value – Hierarchy

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".

Fair value – Valuation approach

KEY JUDGEMENT

The Trust has a process for determining the fair value of investment properties at each balance date, applying generally accepted valuation criteria, methodology and assumptions detailed below. Valuations are completed based on current market evidence at the date of each report, reflecting known criteria at that time and do not include unknown future impacts.

Independent valuers, having appropriate professional qualifications and recent experience in the location and category of property being valued, value individual properties every three years on a rotation basis. Each independent valuer determines the most appropriate valuation method for each property (refer below).

In accordance with the Trust's policy, the following properties were independently valued at 30 June 2021:

Property	Valuation $000
Balcatta	40,900
Bayswater	50,200
Gladstone	51,000
Joondalup	15,000
Lismore	26,500
Mandurah	21,400
Southport	29,400
Wallsend	45,500

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

The directors adopt the following valuation methodologies for all remaining properties, and these methodologies are subject to an independent review process by Jones Lang LaSalle.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

6. INVESTMENT PROPERTIES (CONTINUED)

Valuation Methodologies

Discounted cash flow

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

Capitalisation of income valuation

The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location, prevailing investment market conditions and for Bunnings Warehouses, distribution of competing hardware stores.

Inputs used to measure fair value	Range of individual property inputs
Adopted capitalisation rate	4.00% – 12.80%
Gross rent pa ($000)	787 – 4,189
Occupancy rate	97.8% as at 30 June 2021
Lease term remaining (years)	0.01 – 14.1

COVID-19

While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the fair value assessment of the Trust's portfolio as at the reporting date includes the best estimate of the impacts of the COVID-19 pandemic using information available at the time of preparation of the financial statements and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may impact the fair value of the Trust's portfolio.

Leasing arrangements

The Trust has entered into commercial property leases on its investment portfolio with the majority of its properties being leased to Bunnings Group Limited (refer Notes 13 and 16).

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 five and 10 years, followed by one or a number of optional terms of five years each exercisable by the tenant.

At 30 June 2021, the minimum lease expiry (being the duration until which the tenants' committed terms expire) for the Trust's investment properties is 0.01 years (2020: 0.01 years) and the maximum lease expiry is 14.1 years (2020: 10.3 years), with a weighted average lease expiry for the portfolio of 4.2 years (2020: 4.0 years).

There are no lease commitments receivable as at the reporting date and there were no contingent rentals recognised as revenues in the financial year.

Future minimum non-cancellable rental revenues are:

	June 2021 $000	June 2020 $000
Not later than one year	**142,548**	140,541
One to two years	**127,779**	114,043
Two to three years	**116,841**	100,312
Three to four years	**97,330**	89,147
Four to five years	**65,150**	68,884
Later than five years	**89,691**	89,789
	639,339	602,716

RECOGNITION AND MEASUREMENT

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.

KEY JUDGEMENT

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.

The rental revenues of operating leases are included in the determination of the net profit in accordance with the revenue recognition policy at Note 1.

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 straight line basis over the lease term as a reduction of rental income.

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7. PAYABLES AND DEFERRED INCOME

	June 2021 $000	June 2020 $000
Trade creditors and accruals	**11,536**	5,378
Responsible entity's fees payable	**4,066**	4,071
Rent received in advance	**7,549**	8,837
	23,151	18,286

RECOGNITION AND MEASUREMENT

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.

The Trust's exposure to liquidity risk in respect of payables is disclosed in Note 13.

8. 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, as well as other items as determined by the directors are not included in the profit available for distribution to unitholders. A reconciliation is provided below:

	June 2021 $000	June 2020 $000
9.02 cents (2020: 9.02 cents) per unit, interim distribution paid on 26 February 2021	**57,943**	57,943
9.27 cents (2020: 9.27 cents) per unit, final ordinary distribution provided	**59,549**	59,549
	117,492	117,492
Profit attributable to unitholders of BWP Trust	**263,169**	210,642
Capital profits released from undistributed profit	**3,500**	370
Net unrealised gains in fair value of investment properties	**(149,183)**	(93,564)
Distributable profit for the year	**117,486**	117,448
Opening undistributed profit	**13**	57
Closing undistributed profit	**(7)**	(13)
Distributable amount	**117,492**	117,492
Distribution – ordinary (cents per unit)	**18.29**	18.29

RECOGNITION AND MEASUREMENT

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9. INTEREST-BEARING LOANS AND BORROWINGS

As at 30 June 2021 the Trust had the following borrowings:

		June 2021		June 2020	
	Expiry date	Limit $000	Amount drawn $000	Limit $000	Amount drawn $000
Bank debt facilities					
Westpac Banking Corporation	30 April 2023	**135,000**	**55,500**	135,000	71,100
Commonwealth Bank of Australia	31 July 2023	**110,000**	**55,600**	110,000	68,500
Sumitomo Mitsui Banking Corporation[1]		**-**	**-**	100,000	100,000
		245,000	**111,100**	345,000	239,600
Corporate bonds					
Fixed term five-year corporate bond[2]	11 May 2022	**110,000**	**110,000**	110,000	110,000
Fixed term seven-year corporate bond	10 April 2026	**150,000**	**150,000**	150,000	150,000
Fixed term seven-year corporate bond	24 March 2028	**100,000**	**100,000**	-	-
Accrued interest and borrowing costs			**3,610**		3,626
		360,000	**363,610**	260,000	263,626
		605,000	**474,710**	605,000	503,226

[1] The Sumitomo Mitsui Banking Corporation debt facility was restructured. See commentary below.
[2] $353,000 of accrued interest and borrowing costs, together with the $110 million fixed term corporate bond have been classified as current liabilities due to maturity in May 2022.

In March 2021, the Trust issued a new fixed term seven-year bond of $100 million which matures in March 2028. The funds from this bond issue were used to repay the $100 million debt facility with Sumitomo Mitsui Banking Corporation. The debt facility with Sumitomo Mitsui Banking Corporation was restructured and replaced with a $110 million five-year forward start cash advance term facility, with an effective start date in March 2022, with drawdown likely in April 2022. This restructured facility has been established to repay the $110 million fixed term five-year corporate bond that matures in May 2022.

RECOGNITION AND MEASUREMENT

The borrowings under the bank debt 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. The Trust's corporate bonds are also not secured by assets of the Trust, but are subject to similar reporting and financial undertakings as the bank debt facilities.

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.

Refer to Note 13 for information on interest rate and liquidity risk.

At 30 June 2021 the minimum duration of the above debt facilities was 10 months (2020: 22 months) and the maximum was 81 months (2020: 69 months) with a weighted average duration of 38 months (2020: 38 months).

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.

Corporate bonds

On 11 May 2017, the Trust issued $110 million fixed rate domestic bonds maturing on 11 May 2022. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 3.50 per cent per annum.

On 10 April 2019, the Trust issued $100 million fixed rate domestic bonds maturing on 10 April 2026. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 3.30 per cent per annum. An additional $50 million was issued to this facility on 29 May 2020.

On 24 March 2021, the Trust issued $100 million fixed rate domestic bonds maturing on 24 March 2028. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 2.20 per cent per annum.

Bank debt facilities

Interest is payable on bank debt facilities based on the BBSY interest rate for each respective drawdown plus a margin.

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10. ISSUED CAPITAL

	June 2021 $000	June 2020 $000
Balance at the end of the financial year	**945,558**	945,558

During the period no new units were issued under the Trust's distribution reinvestment plan, therefore the number of ordinary units on issue as at 30 June 2021 remained at 642,383,803 (2020: 642,383,803).

RECOGNITION AND MEASUREMENT

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.

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.

Distribution Reinvestment Plan

The Trust operates a Distribution Reinvestment Plan ("DRP"). The DRP was in place for both the interim distribution and final distribution for the year ended 30 June 2021. An issue of units under the DRP results in an increase in issued capital unless the units are acquired on-market, which was the case during the financial year.

During the year the number of units acquired on-market was 2,069,557 (2020: 1,073,292) at a cost of $8.5 million (2020: $4.3 million).

11. HEDGE RESERVE

	June 2021 $000	June 2020 $000
Balance at the beginning of the financial year	**(2,772)**	(3,773)
Effective portion of changes in fair value of cash flow hedges:		
- Realised losses transferred to profit or loss	**2,047**	1,989
- Unrealised losses on cash flow hedges	**(53)**	(988)
Balance at the end of the financial year	**(778)**	(2,772)

RECOGNITION AND MEASUREMENT

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.

12. EARNINGS PER UNIT

	June 2021	June 2020
Net earnings used in calculating basic and diluted earnings per unit ($000)	**263,169**	210,642
Basic and diluted earnings per unit (cents)	**40.97**	32.79
Basic and diluted earnings per unit excluding gains in fair value of investment properties (cents)	**17.74**	18.23
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**642,383,803**	642,383,803

RECOGNITION AND MEASUREMENT

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT

The Trust holds financial instruments for the following purposes:

Financing: to raise funds for the Trust's operations. The principal types of instruments are term advances ("bank loans") and corporate bonds.

Operational: the Trust's activities generate financial instruments including cash, trade receivables and trade payables.

Risk management: to reduce risks arising from the financial instruments described above, including interest rate swaps.

The Trust's holding of these instruments exposes it to risk. The Board of directors of the responsible entity has overall responsibility for the establishment and oversight of the Trust's policies for managing these risks, which are outlined below:

> credit risk (note 13(a));
> liquidity risk (note 13(b)); and
> interest rate risk (note 13(c)).

These risks affect the fair value measurement applied by the Trust, which is discussed further in note 13(e).

a) 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

During the year the credit risk associated with 92.2 per cent (2020: 91.6 per cent) of the rental income was with four tenants:

	June 2021 %	June 2020 %
Bunnings Group Limited[1]	**87.8**	87.9
Officeworks Superstores Pty Ltd[1]	**2.2**	2.1
Amart Furniture	**1.4**	0.8
Easy Auto 123 Pty Ltd	**0.8**	0.8

[1] Wholly owned subsidiaries of Wesfarmers Limited.

Bunnings Group 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.

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 2021 $000	June 2020 $000
Cash and short-term deposits	3	**33,068**	64,189
Receivables			
Wesfarmers Limited subsidiaries	4	**76**	195
Other tenants	4	**759**	423
		835	618
Total exposure		**33,903**	64,807

b) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

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 with the Commonwealth Bank of Australia and Westpac Banking Corporation, 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 also regularly updates and reviews its cash flow forecasts to assist in managing its liquidity.

Maturity of financial liabilities

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.

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	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 2021						
Non-derivative financial liabilities						
Bank loans - principal	**(111,100)**	**(111,100)**	**-**	**(55,500)**	**(55,600)**	**-**
Bank loans - future interest	**-**	**(3,061)**	**(1,454)**	**(1,476)**	**(131)**	**-**
Corporate bonds	**(363,610)**	**(403,785)**	**(121,000)**	**(7,150)**	**(171,235)**	**(104,400)**
Payables and deferred income	**(23,151)**	**(23,151)**	**(23,151)**	**-**	**-**	**-**
Derivative financial liabilities						
Interest rate swaps	**(778)**	**(778)**	**(778)**	**-**	**-**	**-**
	(498,639)	**(541,875)**	**(146,383)**	**(64,126)**	**(226,966)**	**(104,400)**
30 June 2020						
Non-derivative financial liabilities						
Bank loans - principal	(239,600)	(239,600)	-	(71,100)	(168,500)	-
Bank loans - future interest	-	(9,900)	(3,368)	(3,304)	(3,228)	-
Corporate bonds	(263,626)	(296,575)	(8,800)	(118,800)	(14,850)	(154,125)
Payables and deferred income	(18,286)	(18,286)	(18,286)	-	-	-
Derivative financial liabilities						
Interest rate swaps	(2,772)	(2,735)	(1,861)	(874)	-	-
	(524,284)	(567,096)	(32,315)	(194,078)	(186,578)	(154,125)

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 2021 the fixed rates varied from 0.66 per cent to 2.63 per cent (2020: 0.66 per cent to 4.12 per cent) plus margins 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 2021, 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 March 2021. Hedging levels may return within the Board's preferred range when $110 million of fixed rate bonds mature in May 2022.

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

	Carrying amount	
	June 2021 $000	June 2020 $000
Variable rate instruments		
Cash and short-term deposits	**33,068**	64,189
Bank loans	**(111,100)**	(239,600)

THE TRUST'S SENSITIVITY TO INTEREST RATE MOVEMENTS

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. 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 following 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. A similar comparative analysis has been applied to the 2020 financial year, with the only difference being a 50 basis point decrease was used rather than a 10 basis point decrease used in 2021, due to higher interest rates prevailing in 2020.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Impact on Net profit		Impact on Equity	
	50 basis points increase $000	10 basis points decrease $000	50 basis points increase $000	10 basis points decrease $000
30 June 2021				
Variable rate instruments	(556)	111	-	-
Interest rate swaps	350	(70)	98	(22)
Net impact	(206)	41	98	(22)

	Impact on Net profit		Impact on Equity	
	50 basis points increase $000	50 basis points decrease $000	50 basis points increase $000	50 basis points decrease $000
30 June 2020				
Variable rate instruments	(1,198)	1,198	-	-
Interest rate swaps	425	(425)	448	(829)
Net impact	(773)	773	448	(829)

DERIVATIVE FINANCIAL INSTRUMENTS

As detailed on the previous page, 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.

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.

d) 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 2021, the gearing level was 17.7 per cent (2020: 19.7 per cent).

The DRP was in place for the interim distribution and final distribution for the year ended 30 June 2021.

e) Fair values

The fair values and carrying amounts of the Trust's financial assets and financial liabilities recorded in the financial statements are materially the same with the exception of the following:

	June 2021 $000	June 2020 $000
Corporate bonds – book value	(363,610)	(263,626)
Corporate bonds – fair value	(374,621)	(272,795)

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 estimated 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).

KEY JUDGEMENT

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:

	June 2021	June 2020
Interest rate swaps	0.08% to 1.30%	0.15% to 0.65%

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14. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:

	June 2021 $000	June 2020 $000
Not later than one year:		
Related parties	**2,500**	13,100
	2,500	13,100

Capital commitments to related parties

COBURG, VICTORIA

In December 2019, the Trust committed to expand its Coburg Bunnings Warehouse, Victoria, at a cost of $2.5 million.

15. AUDITOR'S REMUNERATION

	June 2021 $	June 2020 $
Audit and review of the financial statements		
KPMG Australia	**103,285**	102,462
Other services		
KPMG Australia – taxation services	**38,140**	45,085
KPMG Australia – property consultancy services	**8,224**	16,019
Total auditor's remuneration	**149,649**	163,566

Further details on the non-audit services can be found in the Directors' report on page 49.

16. RELATED PARTY DISCLOSURES

a) Relationship with the Wesfarmers Group

As in the prior year, Wesfarmers Investments Pty Limited, a controlled entity of Wesfarmers Limited, holds 159,014,206 units in the Trust, representing 24.75 per cent of the units on issue at 30 June 2021.

b) Transactions with the Wesfarmers Group

During the year ended 30 June 2021, the Trust had the following transactions with Wesfarmers Group:

	June 2021 $	June 2020 $
Bunnings Group Limited[1]		
Rent and other property income	**133,207,732**	135,259,176
Rent and other property income received in advance	**10,043,792**	10,527,850
Amounts receivable	**-**	23,345
Amounts payable	**87,105**	-
Officeworks Superstores Pty Ltd[1]		
Rent	**3,297,447**	3,258,057
Amounts receivable	**162,816**	171,971
BWP Management Limited[1]		
Responsible entity fees	**14,729,560**	14,363,974
Fees waived[2]	**217,572**	-
Wesfarmers Limited		
Insurance premiums paid/payable	**148,760**	144,644

[1] A controlled entity of Wesfarmers Limited.
[2] The responsible entity waived its entitlement to fees in respect to $75 million of property valuation uplift for the six months from 1 January 2021.

c) Economic dependency

90.0 per cent (2020: 90.0 per cent) of the Trust's rental income received during the year was from Bunnings Group Limited and Officeworks Superstores Pty Ltd, all controlled entities of Wesfarmers Limited.

d) Other transactions

(i) During the year, the Trust incurred the following costs payable to Bunnings Group Limited in relation to warehouse developments:

Property	$ million
Croydon	4.0
Port Melbourne	6.6

(ii) 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

17. DIRECTOR AND EXECUTIVE 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

Erich Fraunschiel

MANAGING DIRECTOR

Michael Wedgwood

NON-EXECUTIVE DIRECTORS

Fiona Harris AM
Tony Howarth AO
Alison Quinn
Mike Steur

b) Remuneration policy

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

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

For the financial year ended 30 June 2021, 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

Director	Balance at beginning of the year	Acquired during the year	Sold during the year	Balance at the end of the year
Erich Fraunschiel	111,766	-	-	111,766
Fiona Harris AM	20,000	-	-	20,000
Tony Howarth AO	20,000	-	-	20,000
Alison Quinn	-	-	-	-
Mike Steur	-	-	-	-
Michael Wedgwood	-	-	-	-
Total	**151,766**	**-**	**-**	**151,766**

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.

17. OTHER ACCOUNTING POLICIES

a) 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.

b) 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.

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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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 2020 and ended 30 June 2021. The information on pages 1 to 27 forms part of this directors' report and is to be read in conjunction with the following information:

RESULTS AND DISTRIBUTIONS

	June 2021 $000	June 2020 $000
Profit attributable to unitholders of BWP Trust	**263,169**	210,642
Capital profits released from undistributed profit	**3,500**	370
Net unrealised gains in fair value of investment properties	**(149,183)**	(93,564)
Distributable profit for the year	**117,486**	117,448
Opening undistributed profit	**13**	57
Closing undistributed profit	**(7)**	(13)
Distributable amount	**117,492**	117,492

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 2021:

	June 2021 $000	June 2020 $000
(a) Out of the profits for the year ended 30 June 2020 on ordinary units as disclosed in last year's directors' report:		
(i) Final distribution of 9.27 cents per ordinary unit declared by the directors for payment on 21 August 2020	**59,549**	58,971
(b) Out of the profits for the year ended 30 June 2021 (see Note 8 of the notes to the financial statements):		
(i) Interim distribution of 9.02 cents per ordinary unit paid on 26 February 2021	**57,943**	57,943
(ii) Final ordinary distribution of 9.27 cents per ordinary unit declared by the directors for payment on 20 August 2021	**59,549**	59,549

UNITS ON ISSUE

At 30 June 2021, 642,383,803 units of BWP Trust were on issue (2020: 642,383,803).

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 2021, BWP Trust held assets to a total value of $2,674.6 million (2020: $2,552.6 million). The basis for valuation of investment properties which comprises the majority of the value of the Trust's assets is disclosed in Note 6 of the notes to and forming part of the financial statements.

FEE PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

Management fees totalling $14,729,560 (2020: $14,363,974) were paid or payable to the responsible entity out of Trust property during the financial year.

TRUST INFORMATION

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

The registered office of the responsible entity is Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000. The principal administrative office of the responsible entity is Level 12, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000.

The Trust had no employees during the financial year (2020: 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.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS

Erich Fraunschiel (Chairman)
Fiona Harris AM
Tony Howarth AO
Alison Quinn
Mike Steur
Michael Wedgwood (Managing Director)

Details of the directors appear on page 27.

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

Karen Lange, FGIA, FCG, MBus

Karen Lange has been the company secretary since 9 April 2008. She has more than 30 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:

Director	Units in the Trust
Erich Fraunschiel	111,766
Fiona Harris AM	20,000
Tony Howarth AO	20,000
Alison Quinn	-
Mike Steur	-
Michael 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.

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.

To the extent permitted by law, 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.

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 6 to 16 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 $0.1 billion (2020: $0.1 billion increase) to $2.6 billion (2020: $2.5 billion). The number of investment properties reduced from 75 properties to 74 properties due to a property sale during the year.

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The continuing economic uncertainty in relation to COVID-19 may require the Trust to grant further rent abatements and/ or rent deferrals. Factors including the length and timing of any mandatory closures and government mandated restrictions will influence the requirement to waive or defer further rent. This may also have a future impact on valuations.

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

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 6 to 16. In the opinion of the directors, further information on those matters could prejudice the interests of the Trust and has therefore not been included in this report.

CORPORATE GOVERNANCE

In recognising the need for 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 as they apply to externally managed listed entities. The Corporate Governance Statement can be viewed in the Corporate Governance section under the "About Us" tab of the BWP Trust's website.

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 two Remuneration and Nomination Committee meetings held during the year.

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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 Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, 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 50 and forms part of the Directors' report for the year ended 30 June 2021.

NON-AUDIT SERVICES

KPMG provided the following non-audit services to the Trust during the year ended 30 June 2021 and received, or is due to receive, the following amount for the provision of these services:

Taxation services	$38,140
Property consultancy services	$8,224
Total	**$46,364**

The Trust has had a long-standing working relationship with SGA consultancy group, and this entity was acquired by KPMG in 2014. Prior and post the acquisition, SGA has provided investigation, project management and advice on property rectification issues.

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.



Erich Fraunschiel
Chairman BWP Management Limited
Perth, 4 August 2021

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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 on page 34.
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 2021.

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



Erich Fraunschiel
Chairman BWP Management Limited
Perth, 4 August 2021

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AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

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 of BWP Trust for the financial year ended 30 June 2021 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

KPMG

Derek Meates
Partner
Perth, 4 August 2021

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

TO THE UNITHOLDERS OF BWP TRUST

OPINION

We have audited the *Financial Report* of BWP Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

> giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

> complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The *Financial Report* comprises the:

> Statement of financial position as at 30 June 2021

> Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended

> Notes including a summary of significant accounting policies

> Directors' Declaration.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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BASIS FOR OPINION

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTER

The *Key Audit Matter* we identified is:

> Valuation of Investment Property

A *Key Audit Matter* is one that, in our professional judgement, was of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

VALUATION OF INVESTMENT PROPERTY ($2,622M)

Refer to Note 6 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Valuation of investment properties is a key audit matter due to the: > Significance of the balance to the financial statements (98% of total assets); > Judgement required by us in assessing the appropriateness of the Trust's selection of the capitalisation of income valuation method as the primary valuation methodology for the Trust's investment properties from the three available methodologies under the accounting standards, compared to accepted industry practices and the nature of the properties. The adoption of an alternative valuation method may result in a different valuation outcome. > Sensitivity of the capitalisation rates to the projected income to individual investment properties in the valuation methodology. A small percentage movement in the capitalisation rate across the portfolio would result in a significant financial impact to the investment property balance and the income statement. > Consideration of the economic impact of COVID-19 on valuations including leasing and rental relief assumptions.	Working with our KPMG Real Estate specialists, our procedures included: > Understanding the Trust's process regarding the valuation of investment property, including specific considerations of the impact of COVID-19. > We assessed the competency and objectivity of both the Trust's external valuers and the directors in undertaking the external and directors' valuations, as well as the scope of their respective valuations. > We assessed the appropriateness of the valuation methodology utilised, being the capitalisation of income method, based on the accepted industry practices, the nature of the properties and requirements of the accounting standards. We compared the Trust's capitalisation of income valuations on a sample basis to the alternate discounted cash flow method valuations. > We evaluated a sample of external valuations and the director's internal valuations. Using our valuation skills and market knowledge, we compared the Trust's external valuations and directors' valuations to recent sales evidence including consideration of COVID-19 impacts. > We questioned the capitalisation rates applied to specific properties based on our knowledge of the property portfolio. We also tested, on a sample basis, other key inputs to the valuations such as gross rent, occupancy rate, lease term remaining and CPI, for consistency to existing lease contracts or published statistics. > We assessed the appropriateness of the Trust's COVID-19 leasing and rental relief assumptions applied to the investment property valuations with consideration of our knowledge of the industry sector of the Trust's tenants. > We assessed the disclosures in the financial report, using our understanding obtained from our testing, against accounting standards requirements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

OTHER INFORMATION

Other Information is financial and non-financial information in BWP Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Derek Meates
Partner
Perth, 4 August 2021

UNITHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

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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
The Vanguard Group Inc, and their associates	21 May 2020	52,018,423
Blackrock Group	17 August 2020	32,206,894

DISTRIBUTION OF UNITHOLDERS

As at 26 July 2021

Range of holding	Holders	Units	%
1 – 1,000	5,326	2,236,465	0.35
1,001 – 5,000	8,752	24,492,319	3.81
5,001 – 10,000	4,429	32,881,613	5.12
10,001 – 100,000	5,512	135,135,018	21.04
100,001 – over	198	447,638,388	69.68
Total	**24,217**	**642,383,803**	**100.00**
Unitholders holding less than a marketable parcel (119 units)	974	25,544	

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 26 July 2021 were:

	Number of Units	Percentage of capital held
Wesfarmers Investments Pty Ltd	159,014,206	24.75
HSBC Custody Nominees (Australia) Limited	99,974,343	15.56
JP Morgan Nominees Australia Pty Limited	71,691,666	11.16
Citicorp Nominees Pty Limited	30,941,315	4.82
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	11,792,444	1.84
National Nominees Limited	8,812,305	1.37
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,461,504	0.85
BNP Paribas Noms Pty Ltd <DRP>	3,232,278	0.50
Djerriwarrh Investments Limited	3,134,045	0.49
Netwealth Investments Limited <WRAP Services A/C>	2,496,994	0.39
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	2,206,799	0.34
BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	2,018,041	0.31
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,242,901	0.19
Australian Executor Trustees Limited <No 1 Account>	1,223,432	0.19
Netwealth Investments Limited <Super Services A/C>	1,204,223	0.19
Lymal Pty Ltd	1,156,798	0.18
Craigieburn Property Holdings Pty Ltd <Craigieburn (Vic) U/T A/C>	1,104,500	0.17
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,069,372	0.17
BNP Paribas Noms (NZ) Ltd <DRP>	968,936	0.15
BNP Paribas Nominees Pty Ltd <IOOF Instmt Mgt Ltd DRP>	899,533	0.14
Total top 20 holders	**409,645,635**	**63.77**
Total remaining holders balance	**232,738,168**	**36.23**

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INVESTOR INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

STOCK EXCHANGE LISTING

The BWP Trust is listed on the Australian Securities Exchange ("ASX") and reported in the "Industrial" section in daily newspapers – code BWP.

DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan was in place for both the interim and final distributions for the year ended 30 June 2021.

ELECTRONIC PAYMENT OF DISTRIBUTIONS

All distributions to unitholders in Australia are by direct credit only to the unitholder's nominated account.

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

Unitholders wishing to take advantage of payment by direct credit can provide their banking instructions online by logging onto **www.investorcentre.com/au**. Alternatively, unitholders can request the relevant forms by contacting the registry.

PUBLICATIONS

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

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

WEBSITE

The Trust's website, **bwptrust.com.au** provides information on each property in the portfolio, and an overview of the Trust's approach to investment, corporate governance and sustainability. The site also provides unit price information and access to annual and half-year reports and releases made to the ASX.

ANNUAL TAX STATEMENTS

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

PROFIT DISTRIBUTIONS

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

UNITHOLDER ENQUIRIES

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

COMPLAINTS HANDLING

Complaints made in regard to BWP Trust should be directed to the Managing Director, BWP Management Limited, Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000. The procedure for lodgement of complaints and complaints handling is set out under the **Contact Us** tab of the BWP Trust website at **bwptrust.com.au**.

EXTERNAL DISPUTES RESOLUTION

Should a complainant be dissatisfied with the decision made by the responsible entity in relation to a complaint, the complainant is entitled to lodge a dispute with the Australian Financial Complaints Authority (AFCA), an independent external dispute resolution (EDR) scheme authorised by the Minister for Revenue and Financial Services to deal with complaints from consumers in the financial system. AFCA can be contacted by telephone on 1800 931 678 (free call), by email to **info@afca.org.au**, by fax to (03) 9613 6399, by mail addressed to Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne VIC 3001, or by visiting their website at **www.afca.org.au**.

DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2021

RESPONSIBLE ENTITY

BWP Management Limited
ABN 26 082 856 424

Level 14,
Brookfield Place Tower 2
123 St Georges Terrace
PERTH, WA, 6000
Telephone: (+61 8) 9327 4356
Facsimile: (+61 8) 9327 4344
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DIRECTORS

Erich Fraunschiel (Chairman)
Michael Wedgwood (Managing Director)
Fiona Harris AM
Tony Howarth AO
Alison Quinn
Mike Steur

COMPANY SECRETARY

Karen Lange

REGISTRY MANAGER

Computershare Investor Services Pty Limited

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PERTH, WA, 6000
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AUDITOR

KPMG

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