

BUNNINGS

WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

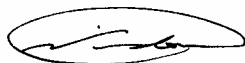
30 August 2006

A S X R E L E A S E

2006 Annual Report

Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust wishes to advise that the 2006 Annual Report will be mailed today to Unitholders who have elected to receive an Annual Report.

A copy of the 2006 Annual Report is attached to this announcement and will also be available on the Trust's website at www.bunningspropertytrust.com.au



ANTHONY NIARDONE
Company Secretary

2006 Annual Report



BUNNINGS
WAREHOUSE PROPERTY TRUST



BUNNINGS
warehouse

LOWEST PRICES
ARE JUST THE
BEGINNING...

The Trust is focused on warehouse retailing properties and, in particular, Bunnings Warehouse properties tenanted by Bunnings Group Limited, a wholly owned subsidiary of Wesfarmers Limited. The responsible entity has established the following objectives and strategies for the Trust:

Objectives

- Provide unitholders with a secure, growing income stream and capital growth
- Distribute all net income each financial year
- Add quality properties to the portfolio
- Protect unitholders' interests

Strategies

- Acquiring properties with long term leases to substantial tenants
- Ensuring that properties are well located and the portfolio is geographically diversified
- Maintaining a prudent interest rate hedging position
- Operating within an appropriate compliance plan



Bunnings Warehouse Property Trust
ARSN 088 581 097
Responsible Entity
Bunnings Property Management Limited
ABN 26 082 856 424
Australian Financial Services Licence
No. 247830

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HIGHLIGHTS

5.4 per cent growth in full year distribution to 12.61 cents per unit

Acquisition of an existing Bunnings Warehouse store (Morley, WA) from Bunnings Group Limited

Completion of one new Bunnings Warehouse store (Vermont South, Victoria), and one major property upgrade (Northland, Victoria)

Completion of a new showroom complex adjoining the Trust's existing Bunnings Warehouse store at Bayswater, Victoria

Acquisition of a 1.0 hectare parcel of land adjacent to the Trust's existing Bunnings Warehouse store at Fyshwick, ACT

A 17.2 per cent rental uplift from the market rent review of one property (Rockingham, WA)

A 10.9 per cent increase in the fair value of Trust properties during the year

An increase of 8.4 per cent in net tangible asset backing per unit from \$1.54 to \$1.67

Provide unitholders with a secure, growing income stream and capital growth

Unit price (\$)

1999

1.12

2006

2.00

Distribute all net income each financial year

Distribution (cents)

1999

7.2

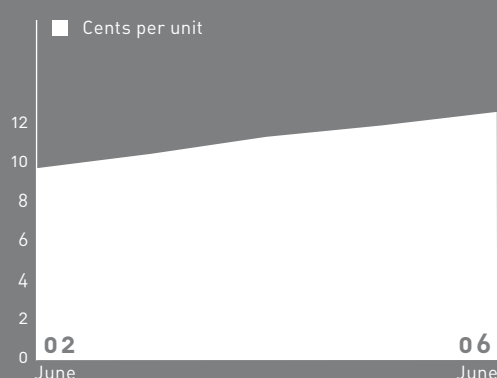
2006

12.61

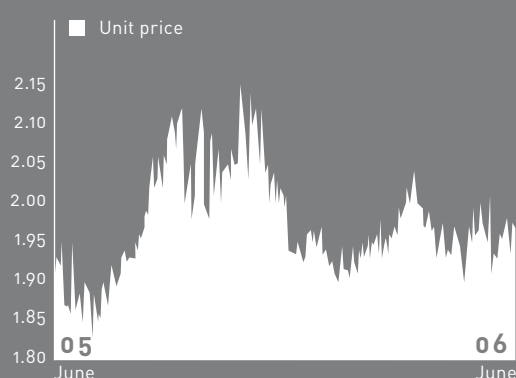
PERFORMANCE

This year the Trust delivered 5.5 per cent growth in distributable profit, generated from new rental income from acquisition and development activity and rental growth from existing properties through rent reviews. The value of the property portfolio increased by 10.9 per cent to \$721.1 million, following capital expenditure of \$33.8 million and net revaluation gains of \$37.2 million. The Trust continues to provide unitholders with a secure income stream and capital growth from its participation in the expansion of the Bunnings Warehouse network.

Distribution



BWP closing unit price



Financial performance

Year ended 30 June

		06 ¹	05 ¹	04	03	02
Total income	(\$m)	55.1	50.6	44.5	35.9	29.0
Net profit	(\$m)	75.2	79.9	32.2	26.3	21.1
Unrealised gain in fair value of investment properties	(\$m)	37.2	43.9	-	-	-
Distributable profit	(\$m)	38.0	36.0	32.2	26.3	21.1
Distribution per ordinary unit	interim (cents)	6.22	5.79	5.51	5.15	4.80
	final (cents)	6.39	6.17	5.87	5.35	4.97
	total (cents)	12.61	11.96	11.38	10.50	9.77
Tax advantaged component	(%)	24.22	25.20	26.83	30.15	34.68
Total assets	(\$m)	731.6	656.8 ²	575.3	471.6	348.7
Borrowings	(\$m)	200.9	166.9	155.2	149.3	80.7
Unitholders' equity	(\$m)	504.5	464.2 ²	395.3	302.6	255.1
Gearing (debt to total assets)	(%)	27.5	25.4 ²	27.0	31.7	23.1
Number of units on issue	(m)	301	301	295	266	232
Number of unitholders		12,475	12,474	11,544	10,496	9,988
Net tangible asset backing per unit	(\$)	1.67	1.54 ²	1.34	1.14	1.10
Unit price at 30 June	(\$)	2.00	1.91	1.57	1.51	1.28
Management expense ratio (annualised)	(%)	0.67	0.65 ²	0.68	0.65	0.69

¹ based on Australian equivalents to International Financial Reporting Standards (AIFRS) for 2005 and 2006, based on Australian generally accepted accounting principles (AGAAP) for prior years.

² restated from previously reported figures due to impact of adoption of AIFRS (see Note 20 of the notes to the financial statements).

PROPERTIES

In 2006 the Trust continued to build on its portfolio of well located, geographically diversified properties through the acquisition and development of new properties, and upgrades of existing properties.

The Trust portfolio comprised 49 established Bunnings Warehouse properties, two distribution centres and a site upon which a Bunnings Warehouse is likely to be developed in the future. At 30 June 2006, the average lease expiry profile of the Trust's portfolio was 8.9 years.

PROPERTY As at 30 June 2006	LAND AREA [ha]	TOTAL RETAIL AREA ¹ [sq.m]	ANNUAL RENTAL [\$000]	PROPERTY As at 30 June 2006	LAND AREA [ha]	TOTAL RETAIL AREA ¹ [sq.m]	ANNUAL RENTAL [\$000]
Western Australia				South Australia			
Albany	2.0	13,843	514	Mile End	3.3	15,121	1,314
Balcatta	4.3	24,932	1,371	Noarlunga	2.7	11,845	840
Bibra Lake	3.2	17,124	1,098	Total	6.0	26,966	2,154
Geraldton	3.3	16,337	759	New South Wales			
Joondalup	2.5	13,358	952	Artarmon	0.7	5,945	1,267
Mandurah	2.5	12,062	806	Belrose	2.5	10,228	1,560
Midland	2.4	14,437	967	Coffs Harbour	2.5	11,905	679
Mindarie	3.1	14,612	998	Lismore	2.1	9,942	697
Morley	1.8	9,877	860	Maitland	3.1	13,034	988
Rockingham	3.3	17,179	1,120	Minchinbury	3.1	12,048	1,324
Total	28.4	153,761	9,445	Port Macquarie	2.0	8,801	714
Victoria				Thornleigh	1.2	5,301	1,024
Altona	2.4	9,254	910	Wollongong	2.7	12,559	1,106
Bayswater	4.9	15,193	1,413	Total	19.9	89,763	9,359
Bayswater Showrooms		2,484	179 ²	Queensland			
Broadmeadows	1.7	10,435	902	Burleigh Heads	3.3	12,522	1,169
Croydon	3.8	10,146	914	Cairns	2.4	10,601	989
Dandenong	2.7	12,390	1,035	Cannon Hill	2.8	12,676	1,186
Epping	3.1	12,078	967	Cannon Hill Distribution Centre	0.7	4,181 ⁷	328
Fountain Gate	3.2	12,624	1,152	Hemmant Distribution Centre	3.5	11,250 ⁷	1,232
Frankston	3.8	13,795	1,697	Hervey Bay ⁸	3.5	11,070	871
Hoppers Crossing	2.7	11,170	1,023	Morayfield	2.7	10,581	977
Maribyrnong ³	3.4	N/A	N/A	Rocklea	3.2	12,516	1,331
Mentone	2.5	11,814	1,040	Southport	3.5	12,431	1,158
Mornington	4.1	13,183	1,236	Underwood	2.9	12,245	1,074
Northland	3.3	12,027	1,289	Total	28.5	110,073	10,315
Nunawading ⁴	3.4	14,766	1,734	Grand Total	151.6	626,836	54,925
Oakleigh South	4.4	15,157	1,607				
Sandown	3.1	12,180	856				
Scoresby	3.4	11,938	1,050				
Sunshine	2.0	10,664	773				
Vermont South ⁵	5.3	16,634	1,750				
Total	63.2	227,932	21,527				
Australian Capital Territory							
Fyshwick ⁶	2.8	6,400	974				
Tuggeranong	2.8	11,941	1,151				
Total	5.6	18,341	2,125				

¹ total retail area of the Bunnings Warehouse

² excludes vacant 1,106m² showroom rent

³ development site

⁴ includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,959 per annum

⁵ includes land (0.4 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$68,000 per annum

⁶ includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$300,994 per annum

⁷ gross lettable area

⁸ includes adjoining properties (0.4 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$60,417 per annum

Add quality properties to the portfolio

Properties

1999

24

2006

52

Protect unitholders' interests

Average lease
expiry (years)

2006

8.9

LETTER FROM THE CHAIRMAN

Dear unitholder

On behalf of the board of directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, I am pleased to present the Trust's 2006 Annual Report.

By continuing to deliver to unitholders strong, secure earnings and capital growth this year, the Trust has remained true to its core objectives. In this year's report we have highlighted these four core objectives to reinforce their importance in the Trust's consistently strong performance. In terms of this year's results:

The Trust continued to **provide unitholders with a secure, growing income stream and capital growth** through acquisition and development activities, a positive market rent review result and strong upward revaluation of properties across the portfolio. As a result, the Trust delivered a total rate of return (full year distribution and growth in unit price) of 11.9 per cent for the year.

Distributable income for the full year was \$38.0 million, an increase of 5.5 per cent over last year. Having regard to the Trust's objective to **distribute all net income** (being net profit less unrealised gain in fair value of investment properties), the directors have declared a final distribution of 6.39 cents per unit, bringing the full year distribution per unit to 12.61 cents compared with 11.96 cents per unit for the 2005 financial year.

During the year the Trust continued to **add quality properties to the portfolio**, with capital expenditure of \$33.8 million. This included the acquisition of an existing Bunnings Warehouse store, completion of another new Bunnings Warehouse store on land acquired in May 2003 as well as a major property upgrade. In addition, the Trust acquired a parcel of land for future expansion of an existing Trust-owned Bunnings Warehouse property and completed a showroom complex adjacent to another Trust-owned Bunnings Warehouse.

The responsible entity continues to **protect unitholders' interests** through adherence to good corporate governance practices and a diligent approach to managing the portfolio. Details of the approach to corporate governance and management are set out separately in this report.

Looking forward, the ongoing rollout of the hardware business of Bunnings Group Limited as well as its programme for upgrades and refits of existing stores provide further opportunities for growing the Trust's portfolio. The Trust will also continue to actively pursue acquisition opportunities of Bunnings Warehouse properties owned by third parties and will consider other properties that meet with the Trust's investment criteria. The Trust should also continue to see positive rental growth from programmed rent escalations and six market rent reviews in the 2007 financial year.

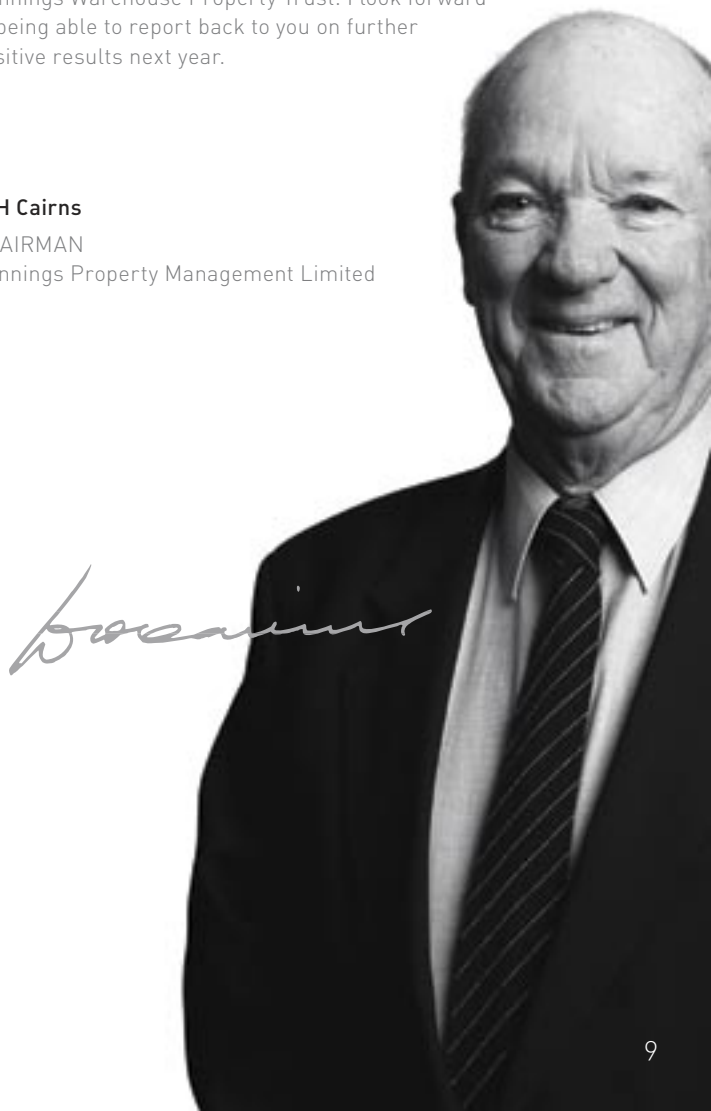
The board would like to acknowledge the valuable contribution made by management throughout the year and in particular reiterate its appreciation of the efforts and achievements of Andrew Hopkins in his capacity as General Manager since April 2002. Andrew has taken up a senior management position in the Wesfarmers Group. In January 2006 we welcomed Grant Gernhoefer to succeed Andrew as General Manager. Grant is an experienced manager with a fine track record in his previous positions at Wesfarmers. He and Portfolio Manager, Andrew Ross, form a very competent management team.

I am also pleased to welcome back to the board Peter Johnston, who replaced Gene Tilbrook following Gene's appointment as Finance Director of Wesfarmers Limited in September 2005. The board thanks Gene for his valuable contribution during his time on the board. Peter was previously a member of the board from the listing of the Trust in 1998 until July 2000 when he retired as Company Secretary of Wesfarmers Limited. Peter is a valuable addition to the board.

Finally, thank you for your continued support of the Bunnings Warehouse Property Trust. I look forward to being able to report back to you on further positive results next year.

W H Cairns

CHAIRMAN
Bunnings Property Management Limited



BUNNINGS
warehouse



The tenant

Bunnings Group Limited is a hardware retailing business that operates from over 140 Bunnings Warehouse stores across Australia and New Zealand. Bunnings is one of Australia's leading retailers of home and garden improvement products and building materials

The sites

- visible and accessible from a major road, highway or freeway
- ready vehicle access and ample customer parking
- significant catchment area
- average size three hectares

The stores

- standardised design format
- competitive construction costs
- indicative size 12,500 square metres total retail area

MANAGER'S REPORT

The Trust has performed strongly again this year through acquisition and development activity, rental growth and capital appreciation of investment properties. The outlook for 2006/07 is also positive.



Grant Gernhoefer

Grant Gernhoefer
GENERAL MANAGER
Bunnings Property Management Limited

Financial results

The Trust reported distributable profit of \$38.0 million for the year, an increase of 5.5 per cent on last year.

This profit was earned on revenue of \$55.1 million, up by 8.9 per cent from \$50.6 million last year due to additional income received from new properties, upgrades and rent reviews.

Total assets of the Trust at year end were \$731.6 million, an increase of \$74.8 million on last year.

Final distribution

A final distribution of 6.39 cents per unit has been declared. The final distribution will be made on 30 August 2006 to unitholders on the Trust's register as at 5pm on 30 June 2006.

This brings the total distribution for the year to 12.61 cents per unit, a 5.4 per cent increase on last year's total distribution.

The tax advantaged component for the 2005/06 distribution is 24.22 per cent.

Because of the current low gearing ratio, the distribution reinvestment plan remains suspended until further notice.

Market performance

During the year, units in the Trust traded within a range of \$1.83 to \$2.18. Based on the closing price of \$2.00 as at 30 June 2006, the Trust had a market capitalisation of \$602.9 million.

The Trust provided a total return of 11.9 per cent for the year, compared with the ASX 200 Property Trust Accumulation Index return of 23.9 per cent. Over the longer term, the Trust has provided an average total return of 19.9 per cent per annum over the last five years compared with 12.3 per cent for the ASX 200 Property Trust Accumulation Index. (Source: UBS Australia)

Property acquisition, development and upgrades

Capital expenditure on acquisitions, developments and upgrades during the year amounted to \$33.8 million. A summary of property activities during the year is presented below.

Acquisition of Bunnings Warehouse, Morley

The Trust acquired an established Bunnings Warehouse property, which was formerly a BBC Hardware, at Morley, approximately eight kilometres from the Perth central business district, in Western Australia. The property was acquired in July 2005 for a total outlay of \$11.7 million.

Completion of new Bunnings Warehouse

Development of a new Bunnings Warehouse store at Vermont South was completed by Bunnings Group Limited as project manager for the Trust in August 2005 at a cost of \$14.2 million. The Trust purchased the land for the development in May 2003.

Completion of new showroom complex

During the year the Trust completed the development of a showroom complex adjacent to an existing Trust-owned Bunnings Warehouse store in Bayswater, Victoria. The complex comprises two showrooms for retail use. The larger, 1,378 square metre, showroom was leased for an initial seven year term in February 2006 for use as a Clark Rubber outlet. Negotiations are continuing with national retailers for the remaining 1,106 square metre tenancy.

Completion of upgrade of Bunnings Warehouse, Northland

A \$2.9 million upgrade of the existing Northland Bunnings Warehouse store, located in the Melbourne suburb of Preston, was completed by Bunnings Group Limited as project manager for the Trust in August 2005. The upgrade expanded the main store area, the timber drive-through and the nursery as well as increasing the number of car bays.

Commencement of three more upgrades

Other upgrade works that were commenced but not completed during the financial year are outlined below.

A \$5.6 million upgrade of an existing Trust-owned Bunnings Warehouse store at Croydon, Victoria, was commenced by Bunnings Group Limited as project manager for the Trust during the year. The upgrade will increase the retail area by 3,077 square metres and add a further 100 car bays. Completion is anticipated towards the end of the 2006 calendar year.

In June 2005 the Trust committed to a \$0.7 million upgrade of an existing Bunnings Warehouse store in Cairns, Queensland, including the acquisition of a 2,400 square metre parcel of adjoining land from Bunnings Group Limited. Capital works to develop a new timber yard and extend the existing timber trade canopy is expected to be completed early in the second half of the 2006 calendar year.

Capital improvements amounting to \$0.4 million to the existing Trust-owned Bunnings Warehouse store in Lismore, New South Wales, commenced during the financial year and are expected to be completed early in the second half of the 2006 calendar year.

Acquisition of additional land, Fyshwick

In February 2006 the Trust purchased for \$3.5 million, a 1.0 hectare parcel of land adjacent to an existing Trust-owned Bunnings Warehouse property at Fyshwick, Australian Capital Territory. The acquisition is to allow for future expansion of the existing Bunnings Warehouse property.

The property activity undertaken during the year has enhanced or is expected to enhance the value and geographic diversification of the Trust's portfolio.

Market rent reviews

In accordance with Trust leases, the annual rent of properties is reviewed annually in line with movements in the Consumer Price Index except on each fifth anniversary of the lease commencement date when rent is reviewed to market rental. The market rental is determined according to generally accepted rent review criteria. During the year, there was only one market rent review completed, for the Bunnings Warehouse at Rockingham, an outer suburb of Perth in Western Australia. The results are shown in the table below.

Rockingham (WA)

PASSING RENT [\$ pa]	MARKET REVIEW [\$ pa]	UPLIFT	EFFECTIVE DATE
956,000	1,120,000	+17.2%	16 Aug 05

Revaluations

As required by the newly introduced Australian Equivalents to International Financial Reporting Standards (AIFRS) the entire Trust portfolio was revalued at 31 December 2005 and again at 30 June 2006.

Eighteen property revaluations during the year were performed by independent valuers (thirteen at 31 December 2005 and five at 30 June 2006). Properties not independently revalued at each balance date are subject to directors' revaluations. Directors' revaluations are subject to review by an independent valuer.

The value of the portfolio increased to \$721.1 million, following net revaluation gains of \$37.2 million and \$33.8 million capital expenditure during the year. This represents an increase of 10.9 per cent on the AIFRS-adjusted fair value at 30 June 2005 and contributed to an increase in the underlying net tangible asset backing of the Trust's units from \$1.54 per unit at 30 June 2005 to \$1.67 per unit at 30 June 2006. Details of the revaluations are disclosed in Note 9 of the notes to the financial statements.

Funding

The Trust currently has a \$100 million debt facility with the ANZ Banking Group Limited, a \$100 million debt facility with National Australia Bank Limited, and a \$50 million debt facility with Westpac Banking Corporation. At 30 June 2006 borrowings under the facilities were \$200.9 million.

The responsible entity continues to consider the best options for funding future acquisitions.

Gearing

The responsible entity has established a preferred range of 20 to 40 per cent for the Trust's gearing ratio (debt to total assets). The quality of the Trust's lease covenants and the lease expiry profile support this gearing range and allow the effective use of debt funding.

At 30 June 2006, the Trust was conservatively geared at 27.5 per cent.

Interest rate management

The Trust has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions.

The responsible entity continues to actively manage the Trust's exposure to interest rates to ensure a prudent interest rate hedging position. This involved taking out additional cover as required during the year and managing debt repayment to ensure existing hedging remained effective.

At 30 June 2006, 88 per cent of the Trust's interest bearing debt was hedged at a weighted average rate excluding margins of 5.72 per cent, and the weighted average term to maturity of the hedged debt was 3.7 years.

Unitholders' meeting

In December 2005 a unitholder meeting was called to consider a number of resolutions to amend the Trust Constitution. The proposed amendments arose largely due to changes in the regulatory environment in which the Trust operates.

Three of the resolutions arose from the implementation of AIFRS. Two resolutions arose as a result of changes by the Australian Securities and Investment Commission and the remaining resolution was in regard to the distribution policy.

All resolutions were passed by unitholders. Details of the resolutions and the outcome of voting can be found in the "News" section of the Trust's website www.bunningspropertytrust.com.au.

OUTLOOK

Current expectations are for continued growth in the 2006/07 financial year.

Ongoing growth opportunities for the Trust are expected as Bunnings Group Limited continues its rollout of the Bunnings Warehouse network and its accelerated store upgrade and refits programme. Bunnings Group Limited operates from over 140 Bunnings Warehouse stores across Australia and New Zealand and targets opening 10 to 14 new warehouse stores a year. It is also pursuing a programme of adapting store formats and upgrading and refitting out existing Bunnings Warehouse stores.

The Trust will continue to actively pursue the acquisition of new and existing properties from Bunnings Group Limited and where possible add value to the Trust portfolio through property upgrades. The Trust will also actively pursue acquisition opportunities of Bunnings Warehouse properties owned by third parties and consider other acquisition opportunities where these complement the existing Trust portfolio. The Trust's current low gearing ratio provides substantial capacity for acquisitions as opportunities arise.

The six market rent reviews programmed for the 2006/07 financial year provide the opportunity to continue to grow rental income from the existing portfolio.

The directors of the responsible entity are budgeting for continued growth in revenue and earnings in the 2006/07 financial year as a result of properties being added to the Trust's portfolio, existing properties being developed or upgraded, and rental growth from the portfolio.

We look forward to your continued support of the Bunnings Warehouse Property Trust.

Grant Gernhoefer

GENERAL MANAGER

Bunnings Property Management Limited

2006 –

07

DIRECTORS AND SENIOR MANAGEMENT



W H Cairns

Dip Agr, FAPI (Val&Econ), Age: 76

Chairman, Non-executive/Independent

Joined the board in 1998. Bill retired from the AMP Society in 1990 where he was employed for 39 years. At the time of his retirement, Bill held the position of General Manager AMP Investments where he was responsible for managing the group's global investments. Bill is a Fellow of The Australian Property Institute and a Life Fellow of the Property Council of Australia. He is also a director of a number of private companies. During the past four years he has served as a director of the following listed companies:

- Avatar Industries Limited (1998 to date)
- General Property Trust Management Limited (1998 – April 2003)
- Foodland Associated Ltd (1994 – December 2002)

J A Austin

Assoc Dip Val, FAPI (Val&Econ), Age: 60

Director, Non-executive/Independent

Joined the board in 2004. John has been actively involved in professional property investment markets for over 35 years, during which he has been a proprietor of Jones Lang Wootton and an advisor in institutional property markets. He was the Managing Director of GRW Property Ltd, the sponsor and manager of the National Industrial Property Trust that listed in 1993 and was on a number of industry boards and committees. Currently he is Executive Chairman of Ringmer Pacific, a private property investment company, and is a non-executive director of the MREEF series of unlisted private property funds, managed by Macquarie Bank.

P J Mansell

BComm, LLB, H.Dip Tax, Age: 59

Director, Non-executive/Independent

Joined the board in 1998. Peter practised as a commercial lawyer for nearly 34 years until he retired as a partner in Freehills in February 2004. Over the years as a solicitor he has advised extensively on a number of wide-ranging corporate transactions. He was President of the Council of the Australian Institute of Company Directors, Western Australian Division, having sat on the national board of the Australian Institute of Company Directors Ltd in 2002 and 2003. During the past three years he has served as a director of the following listed companies:

- Zinifex Ltd (Chairman) (March 2004 to date)
- JDV Ltd (Chairman) (December 2001 to August 2005)
- West Australian Newspapers Holdings Ltd (September 2001 to date)
- Foodland Associated Ltd (October 2003 to November 2005)
- Tethyan Copper Company Ltd (February 2005 to May 2006)
- Great Southern Plantations Ltd (November 2005 to date)
- Hardman Resources Ltd (May 2006 to date)

P J Johnston

FCIS, FCPA, Age: 63

Director, Non-executive/Non-independent

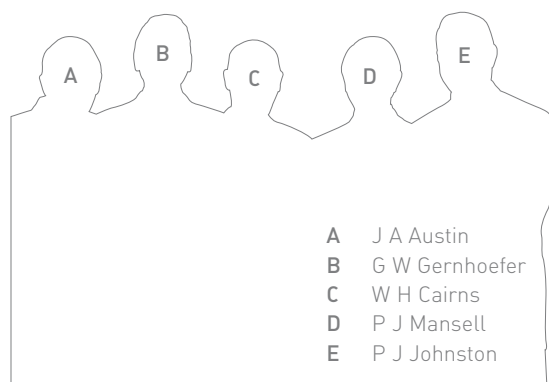
Joined the board September 2005. Peter previously held the position of Company Secretary of Wesfarmers Limited between 1994 and 2001 and during that time was also an inaugural director of Bunnings Property Management Limited from 1998 to his retirement in 2001.

G W Gernhoefer

BComm/LLB, Age: 43

General Manager

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



CORPORATE GOVERNANCE

The Trust has a strong governance culture and framework based on the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles). The governance framework is embedded in the Trust's compliance plan (referred to under the heading "Risk control and compliance" on page 19) to ensure ethical behaviour, transparency and protect unitholder interests.

This statement outlines the main corporate governance practices of the responsible entity, which were in place throughout the year and at the date of this report. In accordance with the ASX Principles, the responsible entity has posted copies of its corporate governance practices on its website: www.bunningspropertytrust.com.au

The responsible entity complies with the majority of the ASX Principles. Where it does not, it is largely in respect of obligations to disclose material or matters where the nature of regulation of listed trusts or of the Trust's business is such that the board of the responsible entity considers that there has been no detriment to the unitholders of the Trust from non-compliance. Areas of non-compliance and the reasons for non-compliance are noted in this statement.

Relationship between the responsible entity and Wesfarmers Limited

The responsible entity is a wholly owned subsidiary of Wesfarmers Limited (Wesfarmers). During the year 100 per cent of the property income of the Trust was received from Bunnings Group Limited, also a wholly owned subsidiary of Wesfarmers. The Trust also purchased property from a Wesfarmers subsidiary, and utilised Bunnings Group Limited as project manager on a number of property developments. Wesfarmers is a substantial unitholder in the Trust, and details of Wesfarmers' unitholding can be found on page 52 of this report.

Roles of the board and management

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

The role of the board of the responsible entity is to ensure that the Trust is managed in a manner which protects and enhances the interests of its unitholders and takes into account the interests of officers of the responsible entity, customers, suppliers, lenders and the wider community.

The board has overall responsibility for corporate governance, including setting the strategic direction for the Trust, establishing goals for management and monitoring the achievement of these goals. This entails:

- adopting annual operating budgets for the Trust and monitoring progress against budgets;
- monitoring and overseeing the Trust's financial position;
- determining that satisfactory arrangements are in place for auditing the Trust's financial affairs;
- ensuring that appropriate policies and compliance systems are in place, and that the responsible entity and its officers act legally, ethically and responsibly on all matters; and
- complying with the statutory duties and obligations as imposed by law.

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

The separation of responsibilities between the board and management is clearly understood and respected.

Board structure

The board is currently comprised of four non-executive directors including the Chairman. During the year the directors reviewed the composition of the board and determined that it is appropriate.

Details of directors in office at the date of this report, including their status as executive, non-executive or independent directors are set out on page 17 of this report.

Director independence

A majority of directors of the responsible entity are independent.

The board's assessment of the independence of each of the directors is included as part of the directors' details on page 17 of this report.

The board considers that a director is independent if the director is a non-executive director and:

- is not a substantial unitholder of the Trust or an officer of, or otherwise associated directly with, a substantial unitholder of the Trust;
- has not, within the last three years, been employed in an executive capacity by the responsible entity or been employed or engaged as a director of a related body corporate of the responsible entity;
- has not, within the last three years, been a principal of a professional adviser to the Trust, the responsible entity or a related body corporate of the responsible entity where the adviser's revenues derived from these entities exceeds five per cent of the adviser's total revenues from all sources;
- is not an officer of or otherwise associated directly or indirectly with a material supplier, where total revenues derived by that supplier from the Trust, the responsible entity or a related body corporate of the responsible entity exceeds five per cent of that supplier's total revenues;
- has no material contractual relationship with the Trust, the responsible entity or a related body corporate of the responsible entity other than as a director of the responsible entity, where "material contractual relationship" is a relationship which could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Trust;
- has not served on the board of the responsible entity for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Trust; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Trust.

Selection and appointment of directors

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

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

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

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

The board considers that the establishment of a nomination committee is unnecessary given that:

- the board consists of only four directors and is therefore not of a size sufficient to justify the formation of a board committee for this task; and
- the board's adoption of the independence standards set out above, combined with the factors considered by the board in assessing potential candidates for directorship of the responsible entity, ensure that the nomination and selection process for directors is transparent and that appointees to the board have the requisite qualifications, experience and expertise in the market.

Given that there is not a nomination committee, the responsible entity does not comply with Recommendation 2.3 of the ASX Principles.

Independent professional advice

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

Trading in units

Directors may only buy or sell the Trust's units after reference to the Secretary of the responsible entity and in accordance with the responsible entity's Unit Trading Policy, a copy of which is available on the Trust's website.

Financial reporting

General Manager declaration

Consistent with ASX Principle 4 and in accordance with section 295A of the Corporations Act 2001, the Trust's financial report preparation and approval process for the financial year ended 30 June 2006, involved the General Manager of the responsible entity providing a written statement to the board that, to the best of his knowledge and belief:

- the Trust's financial report presents a true and fair view of the Trust's financial condition and operating results and is in accordance with applicable accounting standards; and
- the Trust's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.

International Financial Reporting Standards

In July 2002, the Financial Reporting Council announced that Australia would adopt Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. Following this announcement the responsible entity was provided access to a project team established by Wesfarmers Limited to facilitate the transition to AIFRS. The Trust was first required to report under AIFRS in its financial report for the half-year ended 31 December 2005. The financial report for the full-year ended 30 June 2006 has also been prepared under AIFRS and the impact of adoption of AIFRS is disclosed in the notes to the financial report.

Audit and risk committee

The compliance plan entrenches processes for reporting and audit purposes.

The board formally constituted an audit and risk committee. A copy of the Audit and Risk Committee Charter is available on the Trust's website.

The committee consists of the entire board and during the year the committee was chaired by Mr Mansell, being an independent director of the responsible entity. During the year the committee held three meetings attended by all directors other than Mr Johnston who joined the board on 15 September 2005 and attended two meetings.

Rotation of lead external audit partner

In accordance with the requirements of the Corporations Act a new lead audit partner has been appointed for the financial year commencing 1 July 2006.

Risk control and compliance

As a registered managed investment scheme, the responsible entity has a compliance plan that has been lodged with the Australian Securities and Investments Commission (ASIC). Operation of the Trust in accordance with the compliance plan ensures that the rights and interests of unitholders are protected and that business risks are identified and properly managed. Copies of the compliance plan are available through ASIC.

In particular, the compliance plan establishes processes for:

- identifying and reporting breaches of or non-compliance with the Corporations Act, the compliance plan, the constitution of the Trust and the responsible entity's Australian Financial Services Licence;
- complying with the ASX Listing Rules;
- protecting Trust property;
- ensuring proper acquisition and disposal practices are followed in regard to Trust property;
- ensuring the timely collection of Trust income;
- completing regular valuations of Trust property;
- the maintenance of financial and other records to facilitate preparation of audited/reviewed financial reports;
- ensuring proper and timely distributions to unitholders;
- complying with the Trust's investment objectives;
- managing investment risk;
- managing potential conflicts of interest among the various related parties of the Trust;
- holding and maintaining adequate insurance cover;
- ensuring that borrowing occurs only within permitted limits and ensuring that borrowing terms are complied with; and
- handling complaints relating to the Trust.

Ernst & Young, the external auditor of the compliance plan, has completed its annual audit for the year ended 30 June 2006. No material breaches of the plan were identified as a result of this audit.

The audit and risk committee is also responsible for assisting the board in overseeing the Trust's risk management systems. The committee is responsible for reviewing the effectiveness of those systems and recommending improvements to them.

In addition to the compliance plan, the responsible entity has in place a number of risk management controls which include the following:

- guidelines and limits for the approval of capital and operating expenditure;
- policies and procedures for the management of financial risk, including exposure to financial instruments and movement in interests rates; and
- an insurance and risk management programme.

As the majority of members of the board are external directors, the board does not consider it is currently necessary to form a separate compliance committee in addition to the board of the responsible entity.

Discretionary Unit Pricing Policy

The constitution for the Trust allows the responsible entity of the Trust to exercise discretions in relation to unit pricing and the valuation of the Trust's assets. The Trust can, in certain circumstances, exercise discretion in:

- the calculation of the market price for units;
- determining the issue price for units;
- the calculation of the current unit value of units; and
- the valuation of the Trust's assets.

ASIC Class Order 05/26 was issued in May 2005 and requires the responsible entity to have a written policy in relation to the exercise of its discretion when pricing units and valuing assets. The board has adopted a discretionary unit pricing policy and unitholders can obtain a copy of the policy from the responsible entity at no charge.

ASIC Class Order 05/26 also requires the responsible entity to keep a record of any exercise of a discretion which:

- is not covered by the discretionary unit pricing policy; or
- involves a departure from the discretionary unit pricing policy.

Unitholders can also obtain a copy of these records from the responsible entity at no charge.

General Manager's statement

In accordance with ASX Principle 7, the General Manager has provided the board with a written statement that:

- the statement given with respect to the integrity of the financial statements (referred to under the heading "Financial reporting" on page 19) was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board of the responsible entity; and
- the Trust's risk management and internal compliance and control system was operating efficiently and effectively in all material respects.

Review of board and committee performance

In April 2006 the performance of the board and audit and risk committee was evaluated through feedback obtained from the completion of qualitative and quantitative surveys by the directors. The results of the survey were considered and discussed at the board's annual performance and planning session held in July 2006.

Remuneration policies

The right of the responsible entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust and disclosed in Note 2 to the financial statements in this report. The constitution is available from ASIC and is available to unitholders on request.

Remuneration of directors and executives

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

For the financial year ended 30 June 2006, each director was entitled to a director's fee. Directors do not receive option or bonus payments, nor do they receive retirement benefits in connection with their directorships other than statutory superannuation. There are no equity incentive schemes in relation to the Trust.

Details of the remuneration of directors are disclosed in Note 19 to the financial statements.

Remuneration committee

The board considers that the establishment of a remuneration committee is not necessary given that:

- the board consists of only four directors and is therefore not of a size sufficient to justify the formation of a separate remuneration committee;
- the responsible entity's fee is prescribed in the constitution of the Trust and any change to that fee would require the approval of unitholders; and
- as directors and officers of the responsible entity are not remunerated by the Trust, unitholders have no direct exposure to those remuneration expenses.

Given that there is not a remuneration committee, the responsible entity does not comply with Recommendation 9.2 of the ASX Principles.

Continuous disclosure and communications with unitholders

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

To enhance communication with unitholders, important information including details of the Trust's properties, financial performance, distribution history and the Trust's complaints handling procedure can be found on the website. The website is periodically reviewed to ensure the accuracy and relevance of the information it contains.

Ethics and conduct

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

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

Financial statements

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INCOME AND DISTRIBUTION STATEMENT

For the year ended 30 June 2006

	NOTE	06 \$000	05 \$000
Continuing operations			
Rental income		53,891	48,863
Other property income		1,084	1,671
Interest income		131	86
Other income		13	-
		<u>55,119</u>	<u>50,620</u>
Unrealised gain in fair value of investment properties	9	37,180	43,884
Responsible entity's fees	2	(3,962)	(3,485)
Other operating expenses		<u>(1,225)</u>	<u>(972)</u>
Net profit from continuing operations before finance costs		87,112	90,047
Finance costs	4	<u>(11,866)</u>	<u>(10,118)</u>
Net profit from continuing operations attributable to unitholders of Bunnings Warehouse Property Trust		<u>75,246</u>	<u>79,929</u>
Distribution statement			
Net profit attributable to unitholders of Bunnings Warehouse Property Trust		75,246	79,929
Undistributed income at the beginning of the financial year		133,964	90,087
Distributions paid or payable	5	<u>(38,011)</u>	<u>(36,052)</u>
Undistributed income at the end of the financial year		<u>171,199</u>	<u>133,964</u>
Basic and diluted earnings (cents per unit)	6	25.0	26.6
Distribution (cents per unit)	5	12.61	11.96

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

BALANCE SHEET

As at 30 June 2006

	NOTE	06 \$000	05 \$000
Current assets			
Cash assets	7	6,212	5,752
Other receivables	8	344	977
Derivative financial instruments	17	36	-
Total current assets		<u>6,592</u>	<u>6,729</u>
Non-current assets			
Investment properties	9	721,125	650,100
Other receivables	8	850	-
Derivative financial instruments	17	3,045	-
Total non-current assets		<u>725,020</u>	<u>650,100</u>
Total assets		<u>731,612</u>	<u>656,829</u>
Current liabilities			
Payables	10	6,918	7,013
Interest bearing loans and borrowings	11	149,430	-
Derivative financial instruments	17	34	-
Distribution payable	5	19,262	18,599
Total current liabilities		<u>175,644</u>	<u>25,612</u>
Non-current liabilities			
Payables	10	-	75
Interest bearing loans and borrowings	11	51,469	166,945
Total non-current liabilities		<u>51,469</u>	<u>167,020</u>
Total liabilities		<u>227,113</u>	<u>192,632</u>
Net assets		<u>504,499</u>	<u>464,197</u>
Unitholders' equity			
Issued capital	12	330,233	330,233
Reserves	13	3,067	-
Undistributed income		171,199	133,964
Total unitholders' equity		<u>504,499</u>	<u>464,197</u>
Net tangible asset backing per unit		\$1.67	\$1.54

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

CASH FLOW STATEMENT

For the year ended 30 June 2006

	NOTE	06 \$000	05 \$000
Cash flows from operating activities			
Rent received		60,353	56,670
Payments to suppliers		(6,685)	(7,547)
Payments to the responsible entity		(3,710)	(3,398)
Interest received		131	86
Finance costs		(11,620)	(10,449)
Net cash flows from operating activities	14	<u>38,469</u>	<u>35,362</u>
Cash flows from investing activities			
Payments for purchase of, and additions to, the Trust's property investments		(33,765)	(20,771)
Loans to related parties		(850)	-
Net cash flows used in investing activities		<u>(34,615)</u>	<u>(20,771)</u>
Cash flows from financing activities			
Proceeds of borrowings		33,954	11,725
Distributions paid		(37,348)	(25,930)
Net cash flows used in financing activities		<u>(3,394)</u>	<u>(14,205)</u>
Net increase in cash		460	386
Cash at the beginning of the financial year		5,752	5,366
Cash at the end of the financial year	7	<u>6,212</u>	<u>5,752</u>

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2006

	Issued capital \$000	Undistributed income \$000	Reserves \$000	Total \$000
Balance at 1 July 2004 under AGAAP	320,250	1	75,079	395,330
AIFRS transition adjustments	-	90,086	(75,079)	15,007
Balance at 1 July 2004 under AIFRS	320,250	90,087	-	410,337
Total income and expense for the period recognised directly in equity	-	-	-	-
Net profit for the period	-	79,929	-	79,929
Total income/expense for the period	-	79,929	-	79,929
Distribution reinvestment	9,983	-	-	9,983
Equity distributions	-	(36,052)	-	(36,052)
Balance at 30 June 2005	330,233	133,964	-	464,197
Balance at 1 July 2005 under AGAAP	330,233	16	104,335	434,584
AIFRS transition adjustments	-	133,948	(105,539)	28,409
Balance at 1 July 2005 under AIFRS	330,233	133,964	(1,204)	462,993
Movement in hedge derivatives	-	-	4,271	4,271
Total income and expense for the period recognised directly in equity	-	-	4,271	4,271
Net profit for the period	-	75,246	-	75,246
Equity distributions	-	(38,011)	-	(38,011)
Balance at 30 June 2006	330,233	171,199	3,067	504,499

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

1 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Constitution of Bunnings Warehouse Property Trust (the Trust), the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on an historical cost basis, except for investment properties and derivative financial instruments that have been measured at their fair value.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first full-year financial report based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 Financial Instruments: Disclosure & Presentation, and AASB 139 Financial Instruments: Recognition & Measurement. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition to AIFRS are disclosed in Note 20. A reconciliation of total equity opening balance upon adoption of AASB 132 and AASB 139 on 1 July 2005 is also disclosed in Note 20.

There are Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2006. These are unlikely to have a material effect on the financial statements.

(c) 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 period, in this case 6.0 per cent (2005 5.8 per cent).

(d) Investment properties

Initially, investment properties are measured at cost including transaction costs. Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, and during development includes rates, taxes, financing charges and related professional fees incurred, net of sundry income. Leasing fees incurred in relation to the on-going renewal of major tenancies are deferred and amortised over the lease period to which they relate.

Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the Income and Distribution Statement in the period in which they arise.

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

(e) Cash

Cash in the Balance Sheet and for the purposes of the Cash Flow Statement comprises cash at bank.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

1 Summary of significant accounting policies (continued)

(f) Interest bearing loans and borrowings

Bank loans are carried at their principal amount less any unexpired discount for bank bills. These loans are generally borrowed for the short-term under long-term facilities. The loans are allocated between current and non-current based on the duration of the facilities.

(g) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not 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.

(h) Distribution payable

The constitution of the Trust provides that its distributable profit, which excludes fair value revaluations to investment properties and derivatives, is to be distributed to unitholders at each half year. As a liability for distribution arises upon the derivation of profits by the Trust, a provision for distribution has been recognised at each balance date.

(i) Revenue

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

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

Rental and other property income

Rental and other property income is recognised as income when receivable under the terms of the rental agreement.

Interest income

Revenue is recognised as the interest accrues.

(j) Taxation

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

1 Summary of significant accounting policies (continued)

(k) Derivative financial instruments

The Trust enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

Accounting treatment for the year ended 30 June 2006

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

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or a liability or a forecasted transaction.

In relation to cash flow hedges (interest rate swaps) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity as a hedging reserve and any ineffective portion is recognised in the Income and Distribution Statement

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

Accounting treatment for the year ended 30 June 2005

It was the Trust's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments were recognised as an adjustment to interest expense.

(l) Leases

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

Operating leases

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

(m) Issued capital

Issued and paid up capital is 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.

(n) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders, adjusted to exclude costs of servicing equity (other than distributions), divided by the weighted average number of units, adjusted for any bonus element.

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

2 Responsible entity's fees

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

The responsible entity is also entitled to a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust up to \$200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds \$200 million. The additional fee would, as a minimum, be \$40,000 per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	06	05
	\$	\$
3 Auditors' remuneration		
Auditing or review of the financial statements	35,202	27,935
Other services	9,713	11,346
	<u>44,915</u>	<u>39,281</u>
	\$000	\$000
4 Finance costs		
Interest expense – other persons/corporations	12,028	10,377
Interest expense capitalised	(162)	(259)
	<u>11,866</u>	<u>10,118</u>
5 Distributions paid or payable		
6.22 cents (2005: 5.79 cents) per unit, interim distribution paid	18,749	17,453
6.39 cents (2005: 6.17 cents) per unit, final distribution provided	19,262	18,599
	<u>38,011</u>	<u>36,052</u>
6 Earnings per unit		
Net earnings used in calculating basic and diluted earnings per unit	75,246	79,929
Basic and diluted earnings per unit	25.0 cents	26.6 cents
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	301,435,539	300,423,182
7 Cash		
Cash at bank	6,212	5,752
Weighted average effective interest rates	5.0%	4.8%
8 Other receivables		
Current		
Prepayments	344	977
Non-current		
Loan to Bunnings Group Limited	850	-

Bunnings Group Limited is a controlled entity of Wesfarmers Limited.
The terms and conditions of the loan are disclosed in Note 19(d)1(vi).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

9 Investment properties (non-current)

(a) Cost of investments

Property	Acquisition date	Purchase price \$000	Acquisition costs \$000	Capital improvements since acquisition \$000	Fair value adjustment \$000	Fair value 30 June 2006 \$000	Fair value 30 June 2005 \$000
Albany, WA	01.11.99	4,100	206	-	1,694	6,000	5,700
Altona, VIC	24.09.98	6,800	391	-	4,209	11,400	10,800
Artarmon, NSW +	10.02.03	14,033	864	-	3,203	18,100	16,400
Balcatta, WA	24.09.98	11,200	555	-	5,345	17,100	16,700
Bayswater, VIC *	11.02.03	7,335	796	13,067	1,202	22,400	19,300
Belrose, NSW +	10.02.03	17,150	1,054	27	2,569	20,800	19,500
Bibra Lake, WA	29.12.98	1,899	95	6,350	5,356	13,700	12,700
Broadmeadows, VIC	24.09.98	7,200	431	240	3,729	11,600	11,400
Burleigh Heads, QLD *	22.10.98	9,700	195	-	3,905	13,800	13,000
Cairns, QLD +	10.02.03	10,000	448	-	1,652	12,100	11,400
Cannon Hill, QLD	24.12.98	2,500	176	6,350	4,974	14,000	13,200
Cannon Hill Distribution							
Centre, QLD	01.11.99	3,100	138	-	762	4,000	3,800
Coffs Harbour, NSW	05.09.01	1,900	112	4,500	1,988	8,500	8,300
Croydon, VIC	24.09.98	7,800	518	14	3,468	11,800	11,100
Dandenong, VIC	19.04.02	4,000	255	6,660	2,485	13,400	13,000
Epping, VIC	12.03.99	7,800	463	-	4,237	12,500	11,800
Fountain Gate, VIC +	24.09.98	8,300	505	1,573	5,022	15,400	14,400
Frankston, VIC	26.06.01	7,300	301	9,400	4,899	21,900	21,200
Fyshwick, ACT +	23.12.02	10,000	942	3,525	858	15,325	10,800
Geraldton, WA	10.12.01	1,250	351	5,225	2,074	8,900	8,700
Hemmant, QLD +	07.05.03	3,000	143	10,250	4,007	17,400	14,200
Hervey Bay, QLD	12.07.02	2,778	152	6,425	1,245	10,600	10,000
Hoppers Crossing, VIC	11.01.99	2,075	134	5,925	4,666	12,800	11,800
Joondalup, WA	24.09.98	8,100	593	-	3,207	11,900	11,600
Lismore, NSW	21.04.04	7,750	445	-	105	8,300	8,000
Maitland, NSW *	20.08.03	898	487	9,798	1,517	12,700	12,000
Mandurah, WA	24.09.98	3,050	159	4,046	2,745	10,000	9,800
Maribyrnong, VIC	28.06.01	7,100	462	-	1,138	8,700	8,400
Mentone, VIC	24.09.98	9,400	539	-	3,961	13,900	13,500
Midland, WA	06.03.01	4,600	255	4,930	3,315	13,100	12,300
Mile End, SA	22.03.00	11,250	624	259	6,067	18,200	18,000
Minchinbury, NSW	31.12.98	9,200	503	-	7,997	17,700	16,600
Mindarie, WA +	03.03.00	4,184	209	5,598	3,109	13,100	12,100
Morley, WA	01.07.05	11,100	642	-	[242]	11,500	-
Morayfield, QLD	22.03.00	8,000	334	-	3,166	11,500	10,900
Mornington, VIC	29.12.98	3,400	204	6,481	5,915	16,000	15,500
Noarlunga, SA	13.04.99	2,305	124	3,750	4,321	10,500	10,200
Northland, VIC +	24.09.98	8,600	489	2,920	5,191	17,200	13,600
Nunawading, VIC +	24.09.98	13,700	786	3,100	8,414	26,000	24,400
Oakleigh South, VIC	05.04.01	6,650	374	9,143	4,533	20,700	20,200

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

(a) Cost of investments (continued)

Property	Acquisition date	Purchase price	Acquisition costs	Capital improvements since acquisition	Fair value adjustment	Fair value 30 June 2006	Fair value 30 June 2005
		\$000	\$000	\$000	\$000	\$000	\$000
Port Macquarie, NSW +	15.11.02	2,100	141	5,400	1,259	8,900	8,400
Rockingham, WA +	30.06.00	3,320	166	5,830	4,684	14,000	12,700
Rocklea, QLD +	23.10.02	6,225	295	7,475	2,205	16,200	15,400
Sandown, VIC	24.09.98	7,800	446	-	2,454	10,700	10,100
Scoresby, VIC	24.09.98	8,300	473	-	4,327	13,100	12,400
Southport, QLD *	09.11.98	2,800	188	6,600	4,312	13,900	13,000
Sunshine, VIC	24.09.98	7,000	407	-	2,293	9,700	9,100
Thornleigh, NSW	07.09.04	13,333	782	61	(476)	13,700	13,300
Tuggeranong, ACT	01.12.98	7,900	431	245	5,824	14,400	13,500
Underwood, QLD *	22.10.98	3,000	178	5,850	3,972	13,000	12,300
Vermont South, VIC	14.05.03	9,150	633	14,183	734	24,700	10,600
Wollongong, NSW +	10.02.03	12,000	629	87	1,584	14,300	13,000
		353,435	21,223	175,287	171,180	721,125	650,100

* Properties independently revalued at 30 June 2006 (see Note 9(b)).

+ Properties independently revalued during the year and held at directors valuations at 30 June 2006.

(i) Valuation policy

Investment properties are carried at fair value.

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

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

(ii) Methodology and significant assumptions

Independent valuations

The independent valuer determines the most appropriate valuation method for each property. Methods used for valuations during the year were the discounted cash flow and capitalisation of income valuation methods. Details of the independent valuations conducted as at 30 June 2006 are disclosed at Note 9(b).

Directors' valuations

The directors' adopt the capitalisation of income valuation method. The capitalisation rate used varies across properties. The methodology and assumptions of the Directors' valuations are subject to an independent verification process by Jones Lang LaSalle.

Capitalisation of income valuation method

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

9 Investment properties (non-current) (continued)

(b) Independent valuations – Valuers

Property	Valuation date	Valuer
Bayswater, VIC	30.06.06	S Thomas, AAPI – C B Richard Ellis
Burleigh Heads, QLD	30.06.06	R Nash, MRICS AAPI – Knight Frank
Maitland, NSW	30.06.06	J Waugh, FAPI – Colliers International
Southport, QLD	30.06.06	I Gregory, AAPI FHKIS – Knight Frank
Underwood, QLD	30.06.06	R Nash, MRICS AAPI – Knight Frank

(c) Operating leases

(i) With the exceptions of Trust properties at Maribyrnong, 0.4 hectares of surplus land on the Vermont South property, 0.4 hectares of surplus land on the Hervey Bay property, and the showroom complex on the Bayswater property, all of the properties listed in Note 9(a) are leased by Bunnings Group Limited (the tenant).

(ii) Key lease terms are as follows:

- The majority of leases are for a term of five years with four option terms of five years each. The responsible entity or the tenant can exercise the first two options but only the tenant can exercise the last two options.

The following are variations to the above:

- Artarmon, Belrose, Cairns, Maitland, Wollongong – a term of five years with five option terms of five years each. The responsible entity or the tenant can exercise the first two options but only the tenant can exercise the last three options;
 - Bayswater, Fountain Gate, Fyshwick, Morley, Nunawading – a term of ten years with four option terms of five years each exercisable only by the tenant;
 - Hemmant, Lismore – a term of five years with four option terms of five years. The responsible entity or the tenant can exercise the first option but only the tenant can exercise the last three options; and
 - Thornleigh – a term of five years with five option terms of five years each. The responsible entity or the tenant can exercise the first option but only the tenant can exercise the last four options.
- Subject to the variations set out below, rental is reviewed annually in line with movements in Consumer Price Indices compiled by the Australian Bureau of Statistics except on each fifth anniversary of the commencement date when rent is reviewed to market rental determined in accordance with generally accepted rent review criteria. With the exception of leases for the properties at Artarmon, Belrose, Cairns, Maitland and Wollongong, on a market review there is a restriction on the rental decreasing below the commencement rent.

The following are variations to the above:

- Bayswater, Morley, Thornleigh – the market rent review may be no greater than 115 per cent nor less than 85 per cent of the rent in the preceding year, though the market review cannot be below the commencement rent;
- Coffs Harbour – the market rent review on the fifth anniversary of the commencement date may not be less than \$671,000;
- Lismore – the market rent review may be no greater than 120 per cent nor less than 80 per cent of the rent in the preceding year, though the market rent cannot be below the commencement rent; and
- Mile End – the rent is comprised of a reviewable rent as well as a fixed rent of \$235,000 per annum. The fixed rent terminates 15 years from the lease commencement date, and is not subject to market review.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

9 Investment properties (non-current) (continued)

(c) Operating leases (continued)

(ii) Key lease terms are as follows: (continued)

- With the exception of land tax for properties in Queensland and the properties at Bayswater, Morley, Thornleigh and Vermont South, the tenant is responsible for payment of all outgoings, which include all normal rates, taxes and assessments including land tax and metropolitan region tax at the amount assessed. In Queensland, land tax is not recoverable from a tenant. The Trust is liable for the additional land tax payable due to it owning multiple properties in Victoria. The tenant is responsible for payment of all utilities used by it from all premises.
- In regard to each of the Bayswater, Morley, Thornleigh and Vermont South properties, the tenant may buy-back any of these properties from the landlord in the event that:
 - the tenant proposes a redevelopment of the relevant property for which the tenant and landlord cannot agree commercial terms and at the time the tenant and landlord are not related bodies corporate; or
 - the landlord and tenant cease to be related bodies corporate.

If this buy-back right is exercised, the purchase price for the property will be a price to be agreed between the parties and failing agreement, a price determined by an appointed valuer based on the market value assuming vacant possession for the relevant property.

In respect to the Bayswater property, in the event that the tenant and landlord cease to be related bodies corporate, the tenant may only exercise the right to buy-back at the end of the initial lease term.

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

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

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

	06	05
	\$000	\$000
Not later than one year	54,745	50,435
Later than one year not later than five years	218,980	201,738
Later than five years	<u>218,483</u>	<u>249,270</u>
	<u>492,208</u>	<u>501,443</u>

(d) Property outgoings

Under leases for the properties in the Trust's portfolio, all property outgoings (including rates and taxes, insurance, repairs and maintenance and land tax) are paid by Bunnings Group Limited except for land tax in relation to properties located in Queensland where legislation prohibits recovery of land tax from tenants, and at the properties at Bayswater, Thornleigh, Morley and Vermont South, where land tax paid by the tenant is calculated on the basis that each of those properties is the only property owned by the Trust.

(e) Reconciliation

Opening balance at the beginning of the financial year	650,100	584,299
Capital additions	33,845	21,917
Net gain from fair value adjustments	<u>37,180</u>	<u>43,884</u>
Closing balance at the end of the financial year	<u>721,125</u>	<u>650,100</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	06 \$000	05 \$000
10 Payables		
Current		
Trade creditors and accruals	1,310	1,389
Responsible entity's fees payable	1,139	887
Rent received in advance (see Note 19(d)1(iii))	<u>4,469</u>	<u>4,737</u>
	<u>6,918</u>	<u>7,013</u>
Non-current		
Retention monies withheld	<u>-</u>	<u>75</u>
11 Interest bearing loans and borrowings		
Current		
Bank loans	<u>149,430</u>	<u>-</u>
Non-current		
Bank loans	<u>51,469</u>	<u>166,945</u>

Australian Accounting Standard AASB 101 requires financial liabilities to be classified as current when they are due to be settled within twelve months after the reporting date even if an agreement to refinance is completed after the reporting date and before the financial report is authorised for issue.

The Trust has three external debt facilities (see Note 15). Prior to balance date the Trust renegotiated one of these facilities and extended this to March 2010. As a result that facility is disclosed as non-current in the financial statements.

The remaining two facilities are disclosed as current liabilities in the financial statements. It is the intention of the directors for these facilities to be renegotiated on a long-term basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	06 \$000	05 \$000
12 Issued capital		
(a) Book value of units on issue		
Book value at the beginning of the financial year	330,233	320,250
Book value of units issued during the financial year	-	9,983
Equity raising costs	-	-
Book value at the end of the financial year	<u>330,233</u>	<u>330,233</u>
	Units 000	Units 000
(b) Number of ordinary units on issue		
Number of units on issue at the beginning of the financial year	301,436	294,953
Number of units issued during the financial year	-	6,483
Number of units on issue at the end of the financial year	<u>301,436</u>	<u>301,436</u>
<p>The Distribution Reinvestment Plan was suspended from February 2005 until further notice (see page 53).</p>		
	\$000	\$000
13 Reserves		
Hedging reserve	<u>3,067</u>	-
<p>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.</p>		
<p>Cash flow hedging reserve on adjustment on introduction of AIFRS AASB132 and AASB139</p>		
Net gains on cash flow hedges for the year	(1,204)	-
	<u>4,271</u>	-
	<u>3,067</u>	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

	06 \$000	05 \$000
14 Cash flow statement		
(a) Reconciliation of operating profit to the net cash flows from operations		
Net profit	75,246	79,929
Net fair value change on investment properties	(37,180)	(43,884)
Decrease/(increase) in receivables	633	(293)
Increase in payables	(230)	(390)
Net cash flows from operating activities	<u>38,469</u>	<u>35,362</u>
(b) Reconciliation of cash		
Cash balance comprises:		
Cash (see Note 7)	<u>6,212</u>	<u>5,752</u>

(c) Non cash financing activities

The Distribution Reinvestment Plan was suspended until further notice from February 2005 (in August 2004, \$9,983,261 of distribution to unitholders was paid by way of the issue of 6,482,637 units).

15 Financing arrangements

The Trust has access to bank bill lines totalling \$250 million (2005: \$250 million) through facility agreements with ANZ Banking Group Limited, National Australia Bank Limited and Westpac Banking Corporation. The amount of credit unused at 30 June 2006 was \$49.1 million (2005: \$82.2 million). The agreements with ANZ Banking Group Limited and National Australia Bank Limited expire in March 2007, and the agreement with Westpac Banking Corporation expires in November 2006.

16 Financial risk management objectives and policies

The Trust's principal financial instruments, other than derivatives, comprise bank loans.

The main purpose of these financial instruments is to raise finance for the Trust's operations. The Trust has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations. The Trust also enters into derivative transactions (interest rate swaps) to manage the interest rate risks arising from the Trust's operations. It is the Trust's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Trust's financial instruments is cash flow interest rate risk. The Board reviews and agrees policies for managing this risk and this is summarised below.

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

Interest rate risk exposure

The Trust is exposed to financial risk from movement in interest rates. To reduce its exposure to adverse fluctuations in interest rates the Trust has employed the use of interest rate swaps whereby the Trust agrees with various banks to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each contract swap, thereby adjusting the effective interest rate on the underlying obligations. At 30 June 2006 the fixed rates varied from 4.97 per cent to 6.14 per cent (2005: 4.97 per cent to 6.62 per cent) and the floating rates were at bank bill rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

17 Financial instruments

The Trust has recognised certain financial instruments in the accounts. These financial instruments are disclosed in Notes 7, 8, 10 and 11.

(a) Interest rate risk exposure

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

	Variable interest	1 year or less	Fixed interest maturing in:					Non-interest bearing	Total
			1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2006									
Financial assets									
Cash assets	6,212	-	-	-	-	-	-	-	6,212
Loan to Bunnings Group Limited (Note 8)	-	-	-	-	-	-	-	850	850
Derivative financial instruments	3,081	-	-	-	-	-	-	-	3,081
	9,293	-	-	-	-	-	-	850	10,143
Financial liabilities									
Interest bearing liabilities	200,899	-	-	-	-	-	-	-	200,899
Derivative financial instruments	34	-	-	-	-	-	-	-	34
Payables (Note 10)	-	-	-	-	-	-	-	2,449	2,449
	200,933	-	-	-	-	-	-	2,449	203,382
Weighted average effective interest rate	5.89%								5.89%
Active swaps	(177,000)	20,000	35,000	37,000	75,000	-	10,000	-	-
Delayed start swaps	(70,000)	-	-	-	5,000	-	65,000	-	-
Total interest rate swaps	(247,000)	20,000	35,000	37,000	80,000	-	75,000	-	-
2005									
Financial assets									
Cash assets	5,752	-	-	-	-	-	-	-	5,752
	5,752	-	-	-	-	-	-	-	5,752
Financial liabilities									
Interest bearing liabilities	166,945	-	-	-	-	-	-	-	166,945
Payables	-	-	-	-	-	-	-	2,276	2,276
	166,945	-	-	-	-	-	-	2,276	169,221
Weighted average effective interest rate	6.00%								6.00%
Active swaps	(167,000)	5,000	20,000	35,000	37,000	70,000	-	-	-
Delayed start swaps	(55,000)	-	-	-	-	10,000	45,000	-	-
Total interest rate swaps	(222,000)	5,000	20,000	35,000	37,000	80,000	45,000	-	-

(b) Concentration of credit risk

The credit risk associated with the rental income is with one tenant, Bunnings Group Limited, a wholly owned subsidiary of Wesfarmers Limited. Bunnings Group Limited and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

17 Financial instruments (continued)

(c) Net fair values

The carrying amounts of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 of the financial statements.

(d) Interest rate swaps

The valuation below reflects the estimated amount which the Trust would receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at balance date. This is based on independent market quotations and determined using standard valuation techniques.

	2006		2005	
	Carrying amount \$000	Net fair value \$000	Carrying amount \$000	Net fair value \$000
Current asset				
Interest rate swaps	36	36	-	-
Non-current asset				
Interest rate swaps	3,045	3,045	-	-
Current liability				
Interest rate swaps	34	34	-	-

18 Capital expenditure commitments

	06 \$000	05 \$000
Estimated capital expenditure contracted for at balance date, but not provided for, payable:		
Not later than one year		
Related parties	6,709	34,712
Later than one year and not later than five years		
Related parties	6,700	6,700
	<u>13,409</u>	<u>41,412</u>

Maribyrnong, Victoria

In June 2001 the Trust acquired a 3.4 hectare development site at Maribyrnong for a purchase price of \$7.1 million. The Trust has accepted a proposal from Bunnings Group Limited to develop a Bunnings Warehouse on the site for \$6.7 million. Under the terms of the proposal, the Trust will receive an annual rental of \$1,250,000 when a Bunnings Warehouse is developed on the site.

Lismore, New South Wales

In November 2004 the Trust committed to upgrade works at the Lismore property with a cost of \$0.4 million. The incremental rent for the property will be \$35,788 per annum.

Croydon, Victoria

In February 2005 the Trust committed to a \$5.6 million redevelopment of the Croydon property. Upon completion of the development, Bunnings Group Limited will enter into a new ten year lease with a commencement rent of \$1,400,000 per annum.

Cairns, Queensland

In June 2005 the Trust committed to the purchase from Bunnings Group Limited of a 2,400 square metre property adjacent to the Trust property at Cairns, and to a property upgrade for a total cost of \$0.7 million. The Trust will receive an incremental rent of \$60,848 per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

19 Director and executive disclosures and related party disclosures

(a) Details of key management personnel

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

Chairman – non-executive

W H Cairns

Non-executive directors

J A Austin

P J Mansell

P J Johnston (appointed 15 September 2005)

G T Tilbrook (resigned 14 September 2005)

General manager

G Gernhoefer (appointed 23 January 2006)

A Hopkins (resigned 3 February 2006)

(b) Remuneration policy

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 available from ASIC and is available to unitholders on request.

For the financial year ended 30 June 2006, 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.

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

(c) Unit holdings

Key management personnel	Balance at the beginning of the year	Acquired during the year	Sold during the year	Balance at the end of the year
J A Austin	35,000	-	-	35,000
W H Cairns	49,089	-	-	49,089
P J Mansell	100,000	-	-	100,000
P J Johnston	45,303	-	-	45,303
Total key management personnel	229,392	-	-	229,392

*G T Tilbrook held 22,779 units at the commencement of the year. Mr Tilbrook resigned 14 September 2005.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

19 Director and executive disclosures and related party disclosures

(d) Transactions with related parties

1. Relationship with the Wesfarmers Group
 - (i) Wesfarmers Investments Pty Ltd, a controlled entity of Wesfarmers Limited, holds 68,250,435 (2005: 68,250,435) units in the Trust, representing 22.64 per cent of the units on issue at 30 June 2006 (2005: 22.64 per cent).
 - (ii) During the year ended 30 June 2006 rent and other property income of \$57,494,898 (2005: \$51,308,986) was received from Bunnings Group Limited, a controlled entity of Wesfarmers Limited. The amount includes an amount received in advance of \$4,469,204 (2005: \$4,737,361).
 - (iii) The responsible entity's fee of \$3,962,210 (2005: \$3,484,979) is paid/payable to the responsible entity.
 - (iv) During the year ended 30 June 2006 the Trust acquired a property from BBC Hardware Limited, a wholly owned subsidiary of Wesfarmers Limited, for \$11,100,000 (2005: \$13,333,333). The purchase price was consistent with an independent valuation.
 - (v) During the year Mr G T Tilbrook was Executive Director, Business Development of Wesfarmers Limited, and on 13 July 2005 was appointed as Finance Director of Wesfarmers Limited.
 - (vi) During the year the Trust provided a loan of \$850,000 to Bunnings Group Limited to fund the purchase of a parcel of land adjacent to the Vermont South Bunnings Warehouse. The land was exchanged at fair value and the terms of the agreement include charging Bunnings Group Limited an access fee (8.0 per cent annually) and management fee (0.6 per cent), until such time as the parcel of land can be sold to an external party, at which time Bunnings Group Limited will repay the loan.
2. During the 2005 financial year Mr W H Cairns provided consultancy services to Jones Lang LaSalle Advisory Services Pty Ltd. Jones Lang LaSalle Advisory Services Pty Ltd provided valuation services totalling \$33,334 during the year (2005: \$21,670) on an arms length basis to the Trust.
3. During the year Freehills, of which Mr P J Mansell was Managing Partner of the Perth office until 29 February 2004 and subsequently has provided consultancy services, provided legal services on an arms length basis totalling \$4,047 (2005: \$26,182).

No other benefits have been received or are receivable by directors of the responsible entity or directors of a related entity.

20 Transition to AIFRS

For all periods up to and including the year ended 30 June 2005, the Trust prepared its financial statements in accordance with Australian generally accepted accounting principles (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Trust is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Trust has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are disclosed in Note 1. In preparing these financial statements, the Trust has started from an opening balance sheet as at 1 July 2004, the Trust's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 First-time adoption of AIFRS.

This note explains the principal adjustments made by the Trust in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

20 Transition to AIFRS (continued)

Exemptions applied

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

The Trust has taken the following exemption:

- Comparative information for financial information is prepared in accordance with AGAAP and the Trust has adopted AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005.

There are no differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous AGAAP.

Income statement reconciliation for the year ended 30 June 2005

	AGAAP \$000	AIFRS impact \$000	AIFRS \$000
Revenue and expenses from ordinary activities			
Rental income	48,863	-	48,863
Other property income	1,671	-	1,671
Interest income	86	-	86
	<u>50,620</u>	-	<u>50,620</u>
Unrealised gain in fair value of investment properties	-	43,884	43,884
Responsible entity's fees	(3,485)	-	(3,485)
Other operating expenses	(950)	(22)	(972)
	<u>46,185</u>	<u>43,862</u>	<u>90,047</u>
Net profit from continuing operations before finance costs	46,185	43,862	90,047
Finance costs	(10,118)	-	(10,118)
	<u>36,067</u>	<u>43,862</u>	<u>79,929</u>
Breakdown of impact on profit after tax:			
Unrealised gain in fair value of investment properties		43,884	
Deferred expenditure recognised		(22)	
		<u>43,862</u>	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

20 Transition to AIFRS (continued)

Balance sheet reflecting reconciliation of adjustments to AIFRS as at 1 July 2004

	AGAAP	AIFRS impact	AIFRS
	\$000	\$000	\$000
Current assets			
Cash	5,366	-	5,366
Other receivables	715	(31)	684
Derivative financial instruments	-	-	-
Total current assets	6,081	(31)	6,050
Non-current assets			
Investment properties	569,262	15,038	584,300
Other receivables	-	-	-
Derivative financial instruments	-	-	-
Total non-current assets	569,262	15,038	584,300
Total assets	575,343	15,007	590,350
Current liabilities			
Payables	7,479	-	7,479
Derivative financial instruments	-	-	-
Distribution payable	17,314	-	17,314
Total current liabilities	24,793	-	24,793
Non-current liabilities			
Payables	-	-	-
Interest bearing loans and borrowings	155,220	-	155,220
Total non-current liabilities	155,220	-	155,220
Total liabilities	180,013	-	180,013
Net assets	395,330	15,007	410,337
Unitholders' equity			
Issued capital	320,250	-	320,250
Reserves	75,079	(75,079)	-
Undistributed income	1	90,086	90,087
Total unitholders' equity	395,330	15,007	410,337

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

20 Transition to AIFRS (continued)

Balance sheet reflecting reconciliation of adjustments to AIFRS as at 30 June 2005

	AGAAP	AIFRS impact	AIFRS
	\$000	\$000	\$000
Current assets			
Cash	5,752	-	5,752
Other receivables	1,029	(52)	977
Derivative financial instruments	-	-	-
Total current assets	6,781	(52)	6,729
Non-current assets			
Investment properties	620,435	29,665	650,100
Other receivables	-	-	-
Derivative financial instruments	-	-	-
Total non-current assets	620,435	29,665	650,100
Total assets	627,216	29,613	656,829
Current liabilities			
Payables	7,013	-	7,013
Derivative financial instruments	-	-	-
Distribution payable	18,599	-	18,599
Total current liabilities	25,612	-	25,612
Non-current liabilities			
Payables	75	-	75
Interest bearing loans and borrowings	166,945	-	166,945
Total non-current liabilities	167,020	-	167,020
Total liabilities	192,632	-	192,632
Net assets	434,584	29,613	464,197
Unitholders' equity			
Issued capital	330,233	-	330,233
Reserves	104,335	(104,335)	-
Undistributed income	16	133,948	133,964
Total unitholders' equity	434,584	29,613	464,197

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

20 Transition to AIFRS (continued)

Restated balance sheet on adoption of AASB 132 and AASB 139 as at 1 July 2005

	AGAAP \$000	AIFRS impact \$000	AIFRS \$000
Current assets			
Cash	5,752	-	5,752
Other receivables	1,029	(52)	977
Derivative financial instruments	-	-	-
Total current assets	6,781	(52)	6,729
Non-current assets			
Investment properties	620,435	29,665	650,100
Other receivables	-	-	-
Derivative financial instruments	-	443	443
Total non-current assets	620,435	30,108	650,543
Total assets	627,216	30,056	657,272
Current liabilities			
Payables	7,013	-	7,013
Derivative financial instruments	-	22	22
Distribution payable	18,599	-	18,599
Total current liabilities	25,612	22	25,634
Non-current liabilities			
Payables	75	-	75
Derivative financial instruments	-	1,625	1,625
Interest bearing loans and borrowings	166,945	-	166,945
Total non-current liabilities	167,020	1,625	168,645
Total liabilities	192,632	1,647	194,279
Net assets	434,584	28,409	462,993
Unitholders' equity			
Issued capital	330,233	-	330,233
Reserves	104,335	(105,539)	(1,204)
Undistributed income	16	133,948	133,964
Total unitholders' equity	434,584	28,409	462,993

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

20 Transition to AIFRS (continued)

	1 July 2005	30 June 2005	1 July 2004
	\$000	\$000	\$000
Breakdown of impact on undistributed income:			
Transfer of asset revaluation reserve to undistributed income	104,335	104,335	75,079
Additional fair value gain on investment properties	29,665	29,665	15,038
Deferred expenditure de-recognised	(52)	(52)	(31)
	133,948	133,948	90,086
Breakdown of impact on reserves:			
Transfer of asset revaluation reserve to undistributed income	(104,335)	(104,335)	(75,079)
Fair value of hedge derivatives	(1,204)	-	-
	(105,539)	(104,335)	(75,079)

21 Additional information

(a) Principal activities and investment policy of the Trust

To invest in well located geographically diversified properties with long term leases to substantial tenants, primarily warehouse retailing properties and in particular, Bunnings Warehouses tenanted by Bunnings Group Limited with the purpose of providing unitholders with a secure, growing income stream and capital growth.

(b) Commencement and life of the Trust

The Trust was constituted under a Trust Deed dated 18 June 1998 as amended. The Trust is managed by Bunnings Property Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

On 5 August 1999 the Trustee, Perpetual Trustee Company Limited, retired in accordance with the changes in the Corporations Law under the Managed Investments Act 1998 and Bunnings Property Management Limited became the responsible entity.

Following approval by unitholders on 14 December 2005, the responsible entity amended the Constitution by modifying the term of the Trust such that units on issue would be recognised as equity under AIFRS.

(c) Segment reporting

The Trust operates wholly within Australia and derives rental income from investments in commercial property.

(d) Economic dependency

100 per cent (2005: 100 per cent) of the Trust's rental income is received from Bunnings Group Limited.

(e) Subsequent events

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.

(f) Contingent assets and liabilities

No contingent assets or liabilities exist at balance date.

(g) Corporate information

The financial report of Bunnings Warehouse Property Trust (the Trust) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors on 10 August 2006.

DIRECTORS' REPORT

For the year ended 30 June 2006

In accordance with the Corporations Act 2001, Bunnings Property Management Limited (ABN 26 082 856 424), the responsible entity of Bunnings Warehouse Property Trust, provides this report for the financial year ended 30 June 2006. The information on pages 6 to 15 forms part of this directors' report and is to be read in conjunction with the following information:

Results and distributions

	06 \$000	05 \$000
Net profit	<u>75,246</u>	<u>79,929</u>
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 2006:		
(a) Out of the profits for the year ended 30 June 2005 on ordinary units as disclosed in last year's directors' report:		
Final distribution of 6.17 cents per ordinary unit paid on 24 August 2005.	18,599	17,314
(b) Out of the profits for the year ended 30 June 2006 (see Note 5 of the notes to the financial statements):		
(i) Interim distribution of 6.22 cents per ordinary unit paid on 1 March 2006.	18,749	17,453
(ii) Final distribution of 6.39 cents per ordinary unit declared by the directors for payment on 30 August 2006.	19,262	18,599

Units on issue

At 30 June 2006, 301,435,539 units of Bunnings Warehouse Property Trust were on issue (2005: 301,435,539). During the year there were no additional units issued by the Trust as part of the Distribution Reinvestment Plan (see Note 12).

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 2006, Bunnings Warehouse Property Trust held assets to a total value of \$731.6 million (2005: \$656.8 million). The basis for valuation of the assets is disclosed in Note 1 of the notes to and forming part of the financial statements.

Fee paid to the responsible entity and associates

Management fees totalling \$3,962,210 (2005: \$3,484,979) were paid to the responsible entity out of Trust property during the financial year.

Trust information

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

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

The Trust had no employees during the financial year (2005: Nil).

DIRECTORS' REPORT

For the year ended 30 June 2006

Directors

Information on directors

The names of directors of the responsible entity in office during the financial year and until the date of this report were:

W H Cairns
J A Austin
P J Mansell
P J Johnston (appointed 15 September 2005)
G T Tilbrook (resigned 14 September 2005)

Details of the directors appear on page 17.

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

Company secretary

Anthony M Niardone LLB

Mr A M Niardone has been company secretary of the responsible entity since 16 February 2004. He is also the company secretary for a number of other Wesfarmers Limited subsidiary companies. Prior to joining Wesfarmers he was assistant company secretary at Woodside Petroleum Ltd. He was admitted to practice as a barrister and solicitor in 1994.

Directors' units

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

	Units in the Trust	Shares in Wesfarmers Limited
J A Austin	35,000	1,000
W H Cairns	49,089	-
P J Johnston	45,303	29,013
P J Mansell	100,000	5,000

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

Insurance and indemnity of directors and officers

During or since the end of the financial year, the responsible entity has paid or agreed to pay a premium in respect of a contract insuring all the directors and officers against a liability incurred in their role as directors and officers of the entity, except where:

- (a) the liability arises out of conduct involving a wilful breach of duty; or
- (b) there has been a contravention of sections 182 or 183 of the Corporations Act 2001.

The responsible entity is prohibited from disclosing the premium paid under the contract.

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.

Review and results of operations

The operations of the Trust during the financial year and the results of those operations are reviewed on pages 9 to 15 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 Trust's investment in Bunnings Warehouse properties increased by \$71,025,000 to \$721,125,000, increasing its portfolio of these properties to 52 at financial year end.

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

DIRECTORS' REPORT

For the year ended 30 June 2006

Significant events after the balance date

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 9 to 15. In the opinion of the directors, further information on those matters could prejudice the interests of the Trust and has therefore not been included in this report.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Bunnings Property Management Limited support and comply with the majority of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The responsible entity's corporate governance statement is contained on pages 18 to 20 of this annual report.

Environmental regulation and performance

The Trust's operations are not subject to any particular and 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.

Rounding

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

Auditor independence and non-audit services

The directors received the following declaration from the external auditor:



■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

GPO Box M939
Perth WA 6843

Auditor's Independence Declaration to the Directors' of Bunnings Property Management Limited

In relation to our audit of the financial report of Bunnings Warehouse Property Trust for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

G H Meyerowitz

PARTNER

Perth, 10 August 2006

Ernst & Young

DIRECTORS' REPORT

For the year ended 30 June 2006

Non-audit services

The following non-audit services were provided to the Trust. The board has considered the nature of the non-audit services provided by the external auditor and has determined that the services provided and the amount paid for those services are compatible with the general standard of independence for auditors imposed by the Corporations Act and did not compromise the auditor's independence.

Ernst & Young received or is due to receive the following amounts for the provision of non-audit services:

General property advice	\$2,613
Tax advice	<u>\$7,100</u>
Total	<u>\$9,713</u>

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



W H Cairns

CHAIRMAN

Bunnings Property Management Limited

Perth, 10 August 2006

DIRECTORS' DECLARATION

For the year ended 30 June 2006

In accordance with a resolution of the directors of Bunnings Property Management Limited, responsible entity for the Bunnings Warehouse Property 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 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
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 2006.

For and on behalf of the board of Bunnings Property Management Limited.



W H Cairns

CHAIRMAN

Bunnings Property Management Limited

Perth, 10 August 2006

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF BUNNINGS WAREHOUSE PROPERTY TRUST

Scope

The financial report and directors' of Bunnings Property Management Limited responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration of the Responsible Entity for Bunnings Warehouse Property Trust ("the Trust"), for the year ended 30 June 2006.

The directors of Bunnings Property Management Limited ("the Responsible Entity") are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Trust, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001 and the Trust's Constitution. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors of Bunnings Property Management Limited and management of the Trust.

Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of Bunnings Property Management Limited, responsible entity of the Trust, a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our audit of the financial report we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Bunnings Warehouse Property Trust is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Bunnings Warehouse Property Trust at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



G H Meyerowitz
PARTNER

Perth, 10 August 2006



Ernst & Young

UNITHOLDER INFORMATION

Substantial unitholders

The number of units held by the Trust's substantial unitholder as at 25 November 2002, being the date on which its last notice was lodged with the Trust:

	Units
Wesfarmers Limited, its subsidiaries and their associates	58,955,942

Distribution of unitholders

As at 10 August 2006

Range of holding	Holders	Units	%
1 - 1,000	1,072	579,355	0.2
1,001 - 5,000	3,380	10,458,844	3.5
5,001 - 10,000	3,154	23,463,270	7.8
10,001 - 100,000	4,635	101,650,916	33.7
100,001 - over	133	165,283,154	54.8
Total	12,374	301,435,539	100

Unitholders holding less than a marketable parcel (257 units) 218 23,960

Voting rights

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

Twenty largest unitholders

The twenty largest holders of ordinary units in the Trust as at 10 August 2006 were:

	Number of units	Percentage of capital held
Wesfarmers Investments Pty Ltd	68,250,435	22.64
J P Morgan Nominees Australia Limited	21,100,913	7.00
RBC Dexia Investor Services Australia Nominees Pty Limited	13,411,759	4.45
ANZ Nominees Limited	10,646,890	3.53
Citicorp Nominees Pty Limited	7,504,341	2.49
Australian Foundation Investment Company Limited	7,300,000	2.42
Invia Custodian Pty Limited	5,699,774	1.89
Westpac Custodian Nominees Limited	5,408,210	1.79
National Nominees Limited	2,782,463	0.92
Bond Street Custodians Limited	2,586,037	0.86
Kowloon Nominees Pty Limited	2,100,266	0.70
Djerriwarrh Investments Limited	1,700,000	0.56
Argo Investments Limited	1,000,000	0.33
Australian Executor Trustees Limited	775,179	0.26
Cogent Nominees Pty Limited	736,026	0.24
Mr R Halbert, Mr D Johnston and Mr J Maloney	581,250	0.19
Cantala Pty Ltd	571,703	0.19
St Gilles Pty Ltd	563,959	0.19
C B H Superannuation Holdings Pty Ltd	533,334	0.18
IAG Nominees Pty Limited	530,597	0.18
Total	153,783,136	51.02

INVESTOR INFORMATION

Stock exchange listing

The Bunnings Warehouse Property Trust is listed on the Australian Stock Exchange and reported in the "Industrial" section in daily newspapers - code BWP.

Distribution reinvestment plan

The directors resolved in February 2005 to suspend the Distribution Reinvestment Plan until further notice. In view of the gearing level of the Trust the directors have resolved to keep the Plan suspended until further notice.

Electronic payment of distributions

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

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

Publications

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

Periodically, the Trust may also send releases to the Australian Stock Exchange covering matters of relevance to investors.

Website

The Bunnings Warehouse Property Trust internet site, www.bunningspropertytrust.com.au, is a useful source of information for unitholders. It includes details of the Trust's property portfolio, current activities and future prospects. The site also provides access to annual and half-year reports and releases made to the Australian Stock Exchange.

Annual tax statements

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

Profit distributions

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

Unitholder meetings

Unitholder meetings are held from time to time at which unitholders have the opportunity to learn more about the Trust's activities and prospects.

Unitholder enquiries

Please contact the registry manager if you have any questions about your unitholding or distributions:

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
www.computershare.com.au

DIRECTORY

Responsible entity

Bunnings Property Management Limited
ABN 26 082 856 424

Level 11, Wesfarmers House
40 The Esplanade
PERTH WA 6000

Telephone: (08) 9327 4417
Facsimile: (08) 9327 4344
www.bunningspropertytrust.com.au

Directors and senior management

W H Cairns (Chairman)
J A Austin (Director)
P J Mansell (Director)
P J Johnston (Director)
G W Gernhoefer (General Manager)
A M Niardone (Secretary)

Registry manager

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
www.computershare.com.au

Auditor

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
PERTH WA 6000

Visit us at

www.bunningspropertytrust.com.au

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WAREHOUSE PROPERTY TRUST