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

Our commitment

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

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Our Sustainability Principles

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

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

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

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Context, content and quality of our sustainability reporting

The scale, domestic scope and relatively passive nature of our operations mean that our impacts on the environment and society are relatively minor in local, national and global contexts. We recognise, however, the interest in sustainability by stakeholders (investors, tenants, suppliers, regulators and the broader community) and their right to understand how and to what extent our business affects them, directly and indirectly, positively and negatively. We also recognise that even modest impacts, taken collectively and over time, can have a meaningful affect on the environment and society. We can help also by promoting a focus on sustainability and contributing to developing better ways to measure and monitor sustainability performance.

With stakeholders' interest in disclosure in mind, and our own commitment to provide a premium investment product to investors, we aim to disclose information relating to key aspects of ESG in order to demonstrate the Trust's ESG impacts and risks and our performance in managing these impacts and risks. We consider that key aspects are those areas where ESG impacts and risks are material to our operations or are significantly important to stakeholders in their decision making processes to warrant disclosure. On this basis our primary focus remains on the environment, particularly climate change. We also address relevant social and governance aspects.

We undertake to report both favourable and unfavourable aspects of ESG and will endeavour to provide quantified measures of impact or performance to enable compilation and comparison. We will attempt to use the most accurate and reliable source of data or reasonable estimates and will disclose the basis of calculation or estimation. Where quantified measures are not readily available or relevant we will attempt to indicate some measure of relativity as a guide to materiality and performance. Our reporting is verified internally, not by an external party.
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The scale, scope and nature of our operations

The Trust's property business is relatively small by global and national standards. It owns 72 properties, all in Australia, comprising land and warehouse-style improvements leased to other entities for use primarily as bulky goods or warehouse retailing. The Trust does not typically engage in development work, generally acquiring established properties or developments that pass to the Trust on completion. The total area of land owned by the Trust is approximately 215 hectares, with gross lettable area of approximately 908,000 square metres. The total fair value of the Trust's investment properties is approximately $1,307 million.

The responsible entity's management team occupies a Perth based office of 127 square metres and the business is managed with a team of 8 people. During the year, the size of the responsible entity's team increased from 5.5 to 7.1 full time equivalent people.
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Sustainability reporting boundaries

Due to the degree of inter-relationship between the Trust and the responsible entity, where the responsible entity operates solely for the Trust and undertakes all of the activities of the Trust, the operations of both the Trust and the responsible entity are considered collectively from a sustainability perspective and only disclosed separately to the extent that it is relevant.

We confine our reporting to those aspects of our business over which we have operational control. In relation to the Trust's portfolio, most properties are subject to whole-of-site leases and the Trust has no operational control over the properties or the businesses operated at them. Some multi-tenanted properties have common areas that the Trust is responsible for maintaining, being those areas not for exclusive use by the respective tenants, typically car parks and other common access areas. During the year we acquired two additional multi-tenanted properties, taking the total number in the Trust's portfolio to six.
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Key impacts

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

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

Estimated emissions by source

Source of emissions	Annual CO_2-e emissions (Tonnes)	Change from previous year
Scope 1 - Direct emissions	0	0%
Scope 2 - Indirect emissions from purchased electricity	171.74	-2.2%[1]
Scope 3 - Indirect emissions from:		
- business travel	70.17	-26.9%
- capital goods acquired (roof safety and access improvements to 22 properties)	159.45[2]	N/A
Total tonnes/*like-for-like weighted average change*	401.36	*-15.8%*[3]

[1] change is on a like-for-like basis, excluding properties acquired or upgraded during or since the previous year
[2] estimated CO_2-e emissions represent the total cradle-to-gate emissions of the capital goods acquired, in accordance with the Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard
[3] change is on a like-for-like basis, excluding properties acquired during or since the previous year and scope 3 emissions for capital goods acquired, for which no comparable previous year data is applicable

Scope 2 - Indirect emissions from common areas of Trust properties

The Trust retains operational control over common areas at its multi-tenanted properties, such as common parking areas and road and pedestrian access ways. The table below provides details of the estimated carbon emissions occurring indirectly, as a result of electricity consumed within the common areas of the respective properties. There is also common area at the Browns Plains property acquired by the Trust in April 2012 that has not been included in the scope for reporting this year due to the late inclusion of this property into the portfolio.

Scope 2 - indirect emissions from electricity purchased

Property	Annual CO_2-e emissions (Tonnes)[1] 2012	2011	Change from previous year
Bayswater showrooms	47.08	47.86	-1.6%[2]
Blackburn industrial property	20.35	21.07	-3.4%
Dubbo[3]	32.87	N/A[4]	N/A[4]
Geraldton showrooms	8.90	9.12	-2.4%[2]
Pakenham	62.54	N/A[4]	N/A[4]
Total/*like-for-like weighted average*	171.74	78.05	*-2.2%*

[1] common areas of Bayswater, Geraldton, Dubbo and Pakenham are not separately metered for electricity consumption and CO_2-e emissions have been calculated based on number of lamps, lamp wattages and an estimate of the hours the lamps operate. Blackburn emissions have been calculated based on energy consumption from electricity supplier's invoices relating to the common areas. All calculations apply Australian Government National Greenhouse and Energy Reporting ("NGER") conversion factors

[2] change from previous year is due to the change in NGER conversion factors applicable to the respective jurisdictions

[3] the Dubbo property came under the Trust's operational control on 5 August 2011. Data shown are for the period from 5 August 2011 to 30 June 2012

[4] previous year data not applicable as these properties were acquired during or since the previous year

Currently, we use electricity consumption data available from the supplier specifically relating to the common areas of one property, but others require estimations based on the quantity of lights, their wattage and estimated hours of use at other properties. We have initiated a programme of installing electricity and water metering technology at these other sites to improve the accuracy and reliability of electricity and water consumption data.

Scope 3 - Other indirect emissions

Other indirect emissions are associated with the supply-chain of services and products used by the Trust and responsible entity (other than purchased electricity). The main sources of these other indirect emissions result from business travel and purchase of capital goods. Indirect emissions from business travel relate predominantly to air travel for the purpose of managing the Trust. We have not included ground transportation in our estimates of business travel at this stage.

Air travel emissions are calculated based on the number of kilometres flown, applying factors to recognise the increased emissions at higher altitudes and allowing for emissions from ground services for aircraft. The calculations are performed by an independent specialist energy consulting firm based on travel information provided by the external travel manager that arranges business travel for all employees and directors of the responsible entity. Emissions from air travel reduced by approximately 26.9 per cent from last year, mainly due to a 10.5 per cent reduction in total kilometres travelled and a 20.6 reduction in the number of flights. This reduction is in spite of a 3.0 per cent increase in the aviation fuel burn factors applied for the respective periods and an overall increase in business activity, based on the increase in the size of the management team (from 5.5 to 7.1 full time equivalents) and an 8.3 per cent increase in gross lettable area of Trust properties.

Capital goods acquired predominantly relate to repairs or improvements to investment properties. At present we have regard to capital improvements over which we have direct control of procurement and management. The most significant capital improvement project undertaken directly by the Trust during the year was the installation of roof safety and access improvements to 22 properties referred to in the Summary of performance and future priorities table below.
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Key risks and opportunities

Identification and assessment process

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

Risk mitigation

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

Environmentally, the Trust's direct sourcing of materials, use of water and energy and generation of waste is relatively limited and the risks associated with these activities can be readily identified, monitored and managed within the Trust's normal operations. However, climate change is considered a key aspect of ESG due to its relevance to our operations and the imperative placed on this issue by stakeholders and for this reason it is discussed in more detail later in this section.

Social and governance issues under the Global Reporting Initiative ("GRI") encompass labour practices, human rights, society, and product responsibility. The responsible entity is subject to a number of formal policies and processes which address those aspects directly relevant to the Trust's activities. Policies and processes cover areas such as health and safety, ethics and conduct, diversity, continuous disclosure, whistleblowing, anti-bribery, remuneration and conflicts management. The Corporate governance section provides more detail. In addition to this governance regime, the social and governance implications of each individual investment are expressly considered as part of the assessment and approval process, for example the likely impact on the local community of the investment and appropriate approach to conflicts of interest and related party issues. This allows us to consider potential ESG risks and opportunities at an individual asset level.

Climate change

The most material ESG issue relevant to the Trust is climate change. For this reason a specific detailed risk and opportunities review was undertaken in May 2011, with further assessment undertaken in May 2012 as part of our response to the Carbon Disclosure Project. No significant risks or opportunities were identified as a result of these reviews. Following is a brief outline of our assessment of the regulatory, physical, operational, and reputation impacts of climate change.

Regulatory changes to address climate change are considered manageable within the existing business model. For new developments, increased capital costs due to design or construction requirements to address energy efficiency or emissions reduction should be factored into commencing rents. For existing buildings, compulsory changes to address climate change are considered to be less likely and would probably be triggered by and incorporated into a redevelopment or upgrade. Legislative requirements for increased collection, monitoring and reporting of climate change related data are able to be managed through existing compliance and reporting frameworks.

The physical impacts of climate change, such as severe weather events, may increase the risk of damage or impairment to properties. The geographic spread of the Trust's properties means that the potential impact is likely to be confined to individual properties, reducing the likely per event loss. For most of the Trust's properties the tenant is responsible for insuring the building and improvements against risk of physical loss or damage on a replacement or reinstatement basis.

Operationally, increased costs and charges relating to energy, water, materials and waste for the Trust's properties would generally be borne directly by the tenant or could be recovered in part or whole from tenants under the lease arrangements. For this reason, increased costs associated with the implementation of a carbon pricing scheme are not considered to be a material risk for the Trust. Incorporating renewable energy sources at some properties may provide a modest longer-term source of revenue and we are currently assessing this as an opportunity. Tenants' businesses do not appear vulnerable to climate change induced shifts in consumer behaviour or demographic changes, with tenants likely to be able to change product and service offerings to meet any such changes (potentially providing some new product category opportunities).

Further detail regarding the Trust's approach to and impact of climate change can be obtained through the Carbon Disclosure Project at www.cdproject.net.
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Implementing our approach to ESG

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

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

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

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

This year we have adopted the Global Reporting Initiative as a framework for reporting, to provide stakeholders with more comprehensive and comparable information. In an effort to recognise different stakeholder preferences as to the level of detail and areas of interest on sustainability, and to provide more flexibility in reporting on ESG, we have chosen to provide a more general review of sustainability in the Trust's annual report and provide further detail here on the Trust's website and through our participation in the Carbon Disclosure Project.
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Summary of performance and future priorities

Sustainability principle	Performance during the year	Future priorities
1 ESG in investment analysis and decisions	All five investment proposals put to the Board during the year expressly considered ESG issues	Continue to refine and expand ESG assessment criteria for investment analysis and decision making
2 ESG in asset ownership and resource use	Commenced a site metering project for the multi-tenanted Pakenham property to allow water and electricity consumption for common areas and individual tenancies to be more accurately measured and monitored A further ten air conditioning units replaced to phase out ozone depleting models New standard lease for multi-tenanted premises improves the commercial viability of installing renewable energy systems Roof access and safety improvements completed for 22 properties, improving the safety and amenity of people having to access the roof areas and helping to maintain the longer-term condition of the properties. The choice of component material and packaging and handling requirements were based on reducing embodied carbon, energy use and waste. Using fibre glass for walkways is estimated to have produced less than a ¼ of the embodied carbon required for aluminium, saving an estimated 518 tonnes CO_2-e to the point of installation	Roll out site metering systems to remaining multi-tenanted properties to allow more accurate measurement and monitoring of electricity and water usage for common areas and tenancies Continue programme for phasing out ozone depleting air conditioning Review and update health and safety policy to take account of the nationalisation of OHS legislation and the Trust's increased number of multi-tenanted properties
3 Tenant and supplier engagement	Continued dialogue with Bunnings regarding its sustainability initiatives and the Trust has provided consent for installation of rain water harvesting systems, taking the total to 60 of the Trust's 66 Bunnings Warehouses	Continue to engage with tenants for a co-operative approach to sustainability initiatives

4 ESG reporting	BWP included in the 2011 Carbon Disclosure Leadership Index for Australia and New Zealand for last year's inaugural participation in Carbon Disclosure Project Responded to the 2012 Carbon Disclosure Project Adopted the Global Reporting Initiative framework as the basis for more comprehensive and comparable disclosure	Broaden scope of ESG disclosure to other relevant and material topics Improve scope and level of quantitative disclosure (e.g. carbon emissions intensity, water usage, including ground transport with business travel)
5 Build knowledge and understanding	Identified appropriate basis for measuring carbon intensity to enable comparison of performance having regard to changes in the size of our business Continued with training of management team in property related sustainability topics	Team member attendance at green building conference and other sustainability courses Improve understanding of stakeholder requirements for sustainability disclosure Investigation of alternative, lower emission electricity sources for piloting at a multi-tenanted property