BUNNINGS WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

30 March 2011

Unitholder Meeting Materials

The Directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today attach the Manager's Address and related presentation slides for the unitholders' meeting for today at 10.00am Perth time.

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BUNNINGS WAREHOUSE PROPERTY TRUST

UNITHOLDERS' MEETING – 30 MARCH 2011

Manager's presentation notes

Slides 1-2	*[Refer to separate document for Chairman's presentation notes]*
Slide 3 **"Grant Gernhoefer..."**	Thank you Mr Chairman and good morning and welcome ladies and gentlemen. A fair amount of detail regarding the proposed transaction has been provided in the material sent out to unitholders, so I will provide a summarised view this morning. I will focus on why we believe this is a worthwhile acquisition for the Trust. To really appreciate the significance of acquiring this portfolio of properties, we need to start by looking at the Trust's track record of acquiring Bunnings Warehouses.
Slide 4 **"Background - acquisitions..."**	This chart shows how many Bunnings Warehouse properties the Trust has acquired each year since the Trust was listed. You will see that most of the Bunnings Warehouses were acquired in the earlier years – in fact, 80 per cent had been bought in the first five years. In the last five or six years we have acquired only one Bunnings Warehouse property per year and none for the most recent financial year. I can tell you this is not for want of trying. There have been a number of Bunnings Warehouses available over the last five or six years. For example, apart from the portfolio we are considering today, Bunnings has sold about 20 properties from 2007 on. While most of these were good properties, we felt that the terms and conditions on which Bunnings was to lease the properties back compromised the quality of the property – affecting longer term income and capital growth. So we were happy to not acquire them. While we have had limited acquisitions over the last six or so years ...
Slide 5 **"Background – income..."**	...as you will see here, the **early** acquisitions provided a solid foundation for the income and capital growth that the Trust has enjoyed over the years. It is this concept...
Slide 6 **"Transaction rationale..."**	..., of a platform for future growth that is behind the current proposed transaction. The acquisition being considered today is seen as a platform for future growth, similar to the early properties, and for this reason it is seen as a very positive opportunity for the Trust. There are two main reasons we see this as a good, long term growth prospect: First, this is a significant portfolio of good properties –

- it is equal to around 23 per cent of the value of the Trust's existing properties;
- the buildings are near new with long-term lease commitment from Wesfarmers subsidiary, Bunnings, and
- importantly, unlike other portfolios that Bunnings has offer to the market during the height of demand, the terms and conditions of the leases of these properties are acceptable for the Trust.

The second reason this portfolio provides a growth platform for the Trust is the rental structure.

The commencing rents of around $18 million will grow annually by three per cent during each term of the lease.

Then, at the end of the initial 10 year term and on the exercise of the five-yearly options by Bunnings, the rents will be reviewed to reflect the current level of rents paid at comparable properties.

We believe that the commencing rents for eight of the properties are low compared with other comparable Bunnings Warehouses. This should increase the potential for meaningful improvement in rents and capital value at the time of market rent reviews.

Slide 7 "Acquisition portfolio"

Looking at the portfolio in a little more detail – the map here shows the distribution of properties, across 4 states. The table, which I don't expect you to read through, shows individual properties.

All are in metropolitan cities or large regional centres. Importantly, we have been able to increase our exposure to Western Australia and New South Wales, where we have been underweight .

Slide 8 "Summary of commercial terms"

The commercial terms – at a high level are summarised here. The total outlay for the portfolio is approximately $253 million including transaction costs, predominantly stamp duty.

In return for this outlay, the commencing rental income the Trust will receive will be close to $19 million and this will increase annually by 3 per cent, except when the rent is subject to market review.

The market reviews will be subject to 10 per cent caps and collars, meaning that the rent cannot rise or fall by more than 10 per cent of the then current rent of the property.

Finally, the properties will have leases with an initial 10 year term, for which Bunnings is committed to the lease, followed by five, five-year options which Bunnings can exercise to stay on at the property for another five years each time. Bunnings could continue to lease the property for 35 years if it exercises every option when due.

Turning now to the terms and conditions of the leases. All the Bunnings Warehouses are on standard lease terms, based on leases we had previously agreed with Bunnings for properties acquired in 2008 and 2009.

Slide 9 "Summary of terms of leases"

The table shown here has been taken from the information provided to you in the Notice of Meeting and summarises the main points of difference in the new leases compared with most of the leases in our existing portfolio.

Again, I don't expect you to read through this slide - the main point I want to make is that the differences reflect changes in the market – that is, the usual conditions on which Bunnings has been leasing back properties since about 2007.

We consider all the changes are commercially acceptable.

Slide 10 "Financial impact"

The financial impact of the transaction can be considered mainly in terms of the funding outcome and the effect on distributions.

In terms of funding, as you will be aware, this acquisition is partly funded through the recently completed (and successful) $150 million capital raising, which increases the number of the Trust's issued units by about 20 per cent.

The balance, about $107 million, will be funded from existing debt facilities. As a result of the debt funding the Trust's gearing will increase from about 18 percent to 23 per cent, which is more consistent with the Trust's preferred range.

Net tangible asset backing per unit falls slightly as a result of more units on issue. I will comment further on the funding structure shortly.

Estimated distributions for the 2nd half of this financial year – the six months to 30 June 2011, will be affected by the additional units issued from the entitlement offer in the period. The distribution per unit is forecast to be less than five per cent below the previous corresponding period. The expected full-year distribution per unit will be less than two per cent below last financial year.

The forecast distribution for the full-year to 30 June 2012 is 13.3 cents per unit. This result is in line with our forecasts for the same period assuming the capital raising and acquisition had not been undertaken.

The forecast distributions include the benefit of a waiver by the responsible entity of its management fee on the value of the portfolio acquisition – a full waiver until 30 June 2012 and a 50 per cent waiver for the following year.

In the medium term the rental growth of the new portfolio may be slower than the Trust's existing portfolio. This is a result of the frequency of market rent reviews and longer term we expect the new properties' performance to be comparable to the existing portfolio.

It is worthwhile explaining briefly the approach taken to funding this acquisition, particularly the need to raise equity before the acquisition has been approved by unitholders.

This is an issue raised by investor groups, such as the Australian Shareholders' Association, as being concerning because it requires unitholders to subscribe for additional units without knowing if the transaction would be approved and then feeling compelled to vote in favour of the transaction to protect their investment in additional units.

The approach to funding this acquisition was a matter that was carefully considered by the Board. In the end this is the only approach that delivered the commercial certainty required and yet provided as many unitholders as possible with the opportunity to participate on equal terms in an equity raising. I will try and explain briefly.

Slide 11 "Funding structure"

As a starting point, before we commit to buying a substantial portfolio such as this we need to ensure we have the funds to pay for it. (Just as a homebuyer wouldn't buy a house unless he or she knew they could pay for it.)

Debt funding the entire portfolio wasn't possible for a number of reasons including not having sufficient debt facilities available and the resulting level of gearing being unacceptable. Therefore, we needed to raise some equity to acquire this portfolio.

Unfortunately, announcing the transaction before equity funding is arranged is not ideal as it can lead to the unit price dropping in anticipation of a capital raising.

A conditional placement with institutional investors would have allowed us to have the equity raising subject to unitholder approval of the acquisition. But this would have precluded retail investor involvement and would have resulted in a higher discount having to be offered to cover the uncertainty to investors in having to wait for unitholder approval before being allocated their units.

An entitlement offer was therefore seen as the most appropriate way to allow all eligible unitholders to participate on equal terms. To ensure certainty of funding, the entitlement offer had to be initiated at the time of the acquisition being announced and therefore, concluded, prior to the unitholder consideration of the acquisition.

To have waited for unitholder approval before finalising the transaction would have increased our exposure to the risk of equity markets moving adversely - placing the funding and therefore the acquisition at risk.

As we have seen, our concern about market risk was well founded, with events in Japan recently having a significant impact on global markets.

I will now touch briefly on some of the advantages and disadvantages of this portfolio acquisition. They are covered in more detail in the notice of meeting, so I don't propose to speak on all of them.

Slide 12 "Advantages..."

The main advantages relate to the income generation and capital growth prospects and the enhancements to the quality of the Trust's overall portfolio that I have referred to.

Slide 13 "Sustainability"

One additional advantage of acquiring a portfolio of relatively "young" properties, is that they come with built-in sustainability initiatives. We have listed some of the more significant here, relating to water and electricity efficiency.

In relation to the Bunnings Warehouse currently being built at the Harrisdale property in WA, we are currently assessing the development potential for showroom and retail tenancies. Sustainability will be part of the assessment for this development.

Slide 14 "Disadvantages"

The disadvantages on this slide are as listed in the Notice of Meeting.

We consider most of them are relatively short-term in nature, whereas our investments are made with a longer term perspective. We are satisfied that this transaction stacks up, in spite of the shorter term issues.

Slide 15 "Conclusion"

So in summary, 13 properties worth $242 million is a sizeable transaction – the biggest since the Trust was listed and represents a growth platform for future growth.

The acquisition is consistent with the Trust's core objective of providing unitholders with a secure and growing income stream and capital growth.

Potential dilution to distributions in the first couple of years is overcome by a waiver of the responsible entity's management fee on the portfolio acquisition.

Finally, The transaction has been assessed as being fair and reasonable by the independent expert.

Slide 16 "Review of operations"

Now, before considering the portfolio acquisition formally, I thought that it may be useful to provide a brief review of operations, covering the half-year to 31 December and anything of interest since.

Given the time we have, I will focus on operations rather than financials.

Slide 17 "Acquisition & ..."

First, we were very excited about our acquisition of the Bunnings Warehouse in Port Melbourne in December.

This property is exceptional – located only a couple of kilometres from the Melbourne CBD as you can see here, with three street frontages. It is a very good conversion of a mail distribution centre into a Bunnings Warehouse.

The property was acquired from an institutional owner through a public campaign and is a prime property that is expected to deliver income and capital growth.

Also during the half-year we sold an industrial property in Canning Vale Western Australia. This was the former Blackwoods property and we considered we were better off selling than re-leasing this property when Blackwoods left in the first half of the 2010 calendar year.

Slide 18 "Rocklea..."

In our half-year report we noted that the impact of the recent flooding in Queensland on the Trust was limited to the flooding of the Rocklea store in Brisbane.

This image here, from television coverage at the time, shows the store inundated with about 2 metres of water.

Fortunately, there was no injury or loss of life associated with this property flooding and the store is now trading again. The damage to the store was covered by insurance and the Trust suffered no loss of income while the store was not trading.

On the back of reinstating the store after the floods, Bunnings, the tenant, has decided that it will also extend the store. The $3.8 million upgrade, which the Trust will fund, increases the retail area and the annual rent will increase by about $300,000. We have also taken the opportunity to put a new 10 year lease in place with a 10 year option exercisable by Bunnings.

Although prompted by devastating circumstances, the upgrade of the Rocklea store is an example of how more established Bunnings Warehouses are being upgraded to increase the size and update the format to current standards for Bunnings Stores.

Slide 19 "Upgrade – Broadmeadows..."

The $5.0 million upgrade of the Trust's Broadmeadows store in Victoria is another recent example of this rejuvenation process, which is driving improved returns and capital value from existing assets.

Slide 20 "Other developments..."

There are more in the pipeline too... There is the planned $15 million redevelopment of the Fyshwick store in the Australian Capital Territory. Also, there is the planned acquisition of land adjoining the Trust's Minchinbury Bunnings Warehouse in suburban Sydney to allow for an upgrade.

We expect to see more of this type of value-adding capital expenditure and it is an exciting time for the Trust – with many of our existing quality assets being made even better.

Slide 21 "Bank funding"

It is also worth briefly looking at our bank funding, given this is such as large component of the Trust's expenses and critical to our funding of these acquisitions and the improvements to the existing properties.

The Trust has unsecured facilities with the four major Australian banks. We are currently in routine discussions with the individual banks to extend the facilities and review the pricing. The cost of bank funding for better quality risks such as BWP has improved over recent months and we are seeing this reflected in our discussions with banks. We are close to finalising refinancing with the National Australia Bank and the Commonwealth Bank.

Apart from the potential reduction in bank fees and margins that we expect to see from now on, applying our existing bank facilities to acquire the proposed portfolio is expected to improve the cost of borrowings rate for the Trust.

With utilising more of the unused capacity the net borrowing rate is expected to move down from 9.4 per cent (the average rate for the six months to the end of last December) to about 8.3 per cent for the full-year ending 30 June 2012.

Slide 22 "Woolworths..."

...And finally, we have had increasing interest from investors in the potential impact that Woolworths' entry to the home improvement market in Australia, through its joint venture with US based Lowes, will have on BWP.

At the outset I should say that it will be some time before the impacts of Woolworths' hardware venture become clearer.

It will take a while before there are some indications of how the new business is operating and the extent of any discernable effect on the Bunnings Warehouse home improvement business.

More specifically relating to the effects on BWP we will need to see evidence of the structure of Woolworths' leases and rents and evidence of sales of the completed Woolworths hardware properties.

Until that time, our view and most others' views are speculative.

I must also point out that we have no specific knowledge of the activities of Bunnings (or for that matter of Woolworths) leading up to Woolworth's entry to the hardware market.

Our general view remains essentially as we stated in a presentation made at the unitholder briefing in November 2009 and we will reiterate the key points here.

Generally we consider that the entry of a new competitor to Bunnings is more likely to be positive than negative for BWP.

It should validate the strength of the warehouse style home improvement model that Bunnings has established so prominently in Australia and New Zealand.

It should also improve the recognition of the warehouse retailing properties as a separate investment asset class.

Another positive is that the presence and activity of two big players should improve the depth of market and market evidence for property and rental values.

Both of these factors should improve the longer term prospects for BWP's properties. This view assumes that there is room for two players in the home improvement warehouse market in Australia. There are some compelling factors that support this view.

- First, the warehouse format is now a mature and popular retailing concept and the home improvement and outdoor living market is a large and diverse market.
- Also, the warehouse or big-box format in Australia is less prevalent in the market than in other countries where this concept is popular, such as the USA and United Kingdom, meaning there is possibly room to increase the number of stores per population.
- And, there is scope for growth through expanding the types of products and services offered.
  Bunnings has demonstrated this recently with the announcement that its new multi-level store in Chatswood in Sydney.

This new store will offer new categories such as kitchen appliances, glass pool fencing, expanded ranges in landscaping and kid's play equipment.

So, in summary, based on what we know at present, we see Woolworths' entry into the market as generally positive for BWP.

Slide 22 "Further information..."	On that point, I will hand back to the Chairman for the formal business of the meeting. There will be an opportunity for questions regarding the portfolio acquisition when the resolution is considered in a couple of minutes and once the formal business has concluded, we will invite more general questions regarding the Trust and its operations. Mr. Chairman...

Bunnings Warehouse Property Trust

Acquisition of 13 Bunnings Warehouse Properties

Unitholder meeting – 30 March 2011

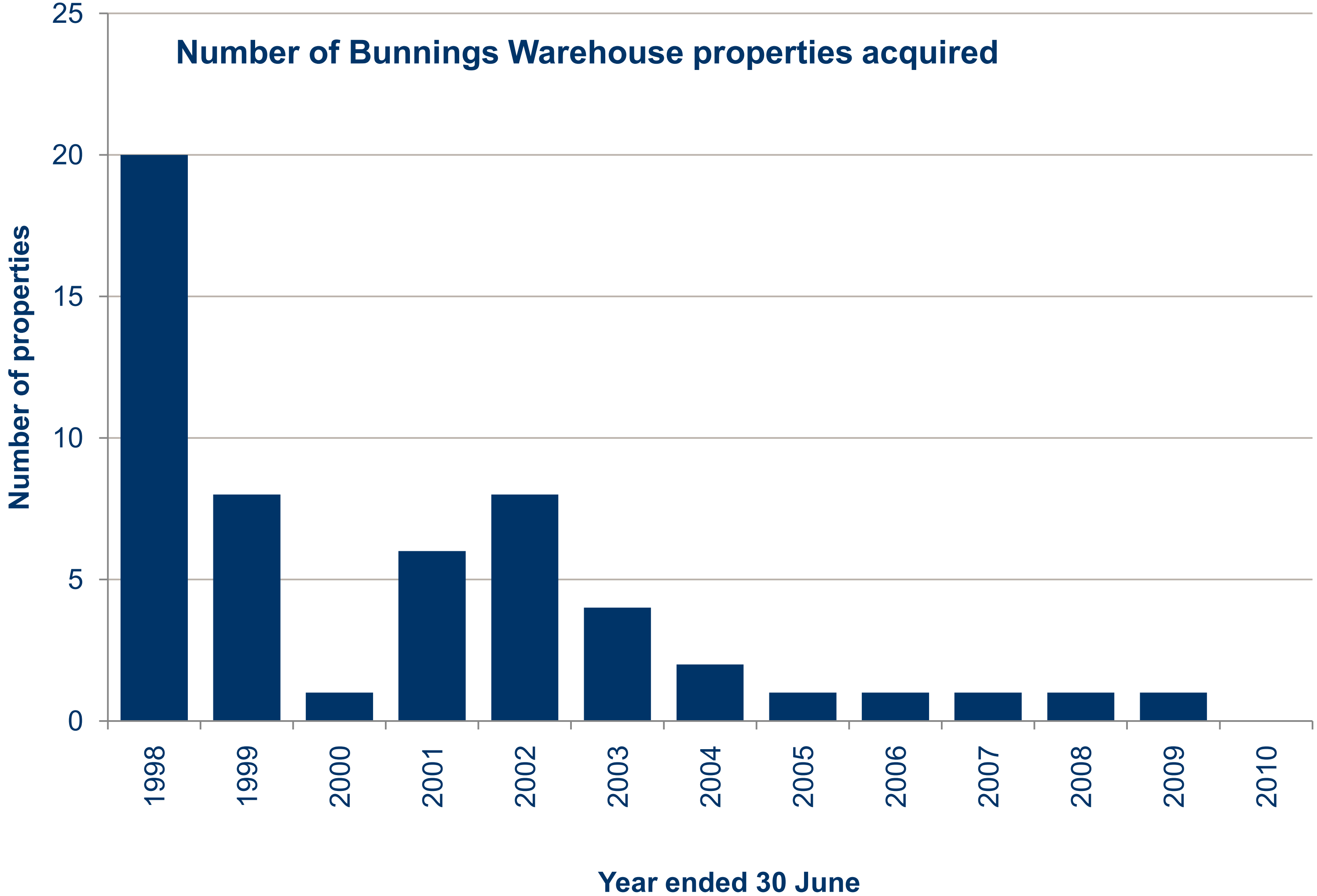
John Austin, Chairman

Bunnings Property Management Limited

Grant Gernhoefer
General Manager

Bunnings Property Management Limited

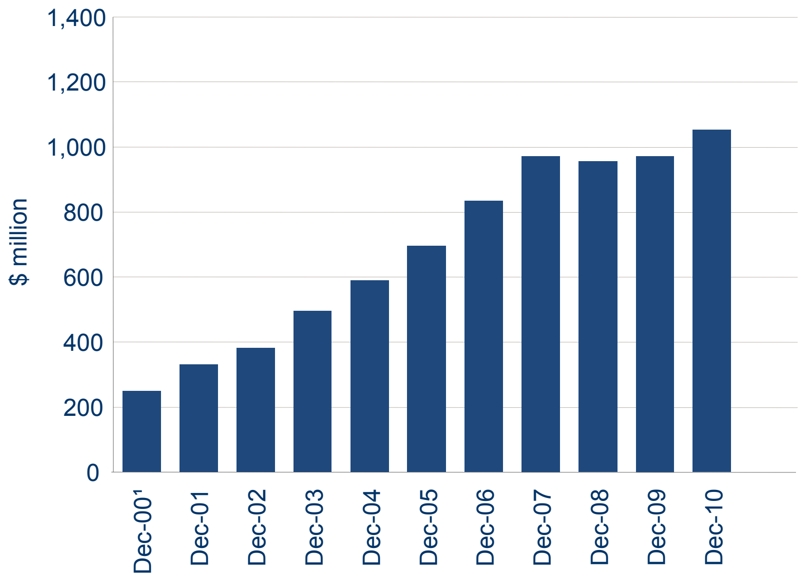
Background - acquisitions of Bunnings Warehouses



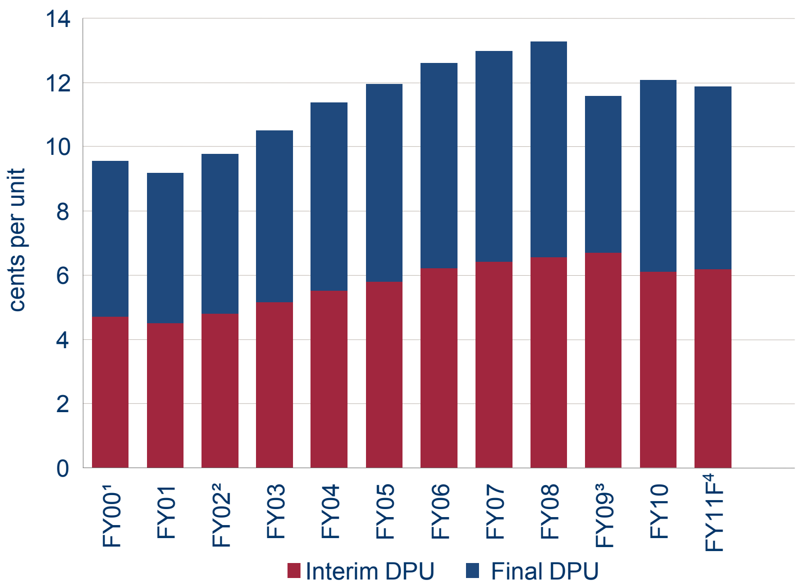
Background – income and capital growth

- **Early acquisitions provided the foundations for BWP's growth**

Portfolio value history



Distributions Per Unit history



Notes:

1. BWP commenced trading in September 1998
2. End of concessional management fee
3. Final distribution for FY09 impacted by additional units issued from $150 million capital raising and one-off termination costs of interest rate derivatives closed out to pay down debt from capital raising
4. FY11 interim DPU includes sale of Canning Vale (0.09 cpu)

Transaction rationale – platform for future growth

✓ Significant portfolio of recently developed or new properties

- 10 recently completed Bunnings Warehouses (improves the age profile of the Trust's portfolio)
- 3 development sites – brand new and lower statutory charges on acquisition
- Long-term lease commitment from Wesfarmers subsidiary Bunnings Group Limited

✓ Secure, growing income stream and long-term capital growth

- Initial net annual rent to the Trust of $18.79 million
- Rent escalates annually by 3% (other than when market rent reviews are due)
- Market reviews at end of initial 10 year term and then on exercise of options every 5 years
- Commencing rents of 8 properties considered to be at lower end of market range providing potential uplift at market reviews

Acquisition portfolio

- Geographically spread - 4 states
- All properties are located in metropolitan cities or large regional centres
- Increased presence in New South Wales and Western Australia

State	Property	Initial net rent ($000)	Purchase price ($000)
NSW	Dubbo	1,295	15,790
NSW	Greenacre	2,215	30,000
NSW	Wagga Wagga	1,200	15,000
NSW	Wallsend	1,650	21,290
QLD	Fairfield Waters	1,390	16,950
QLD	Smithfield	1,300	15,250
VIC	Caroline Springs	1,450	19,080
VIC	Craigieburn	1,400	18,420
VIC	Pakenham	1,600	20,250
WA	Belmont	1,250	16,670
WA	Cockburn	1,400	18,670
WA	Harrisdale	1,325	17,900
WA	Port Kennedy	1,315	16,440

Summary of commercial terms

Acquisition cost	
Purchase price	$241.7m
Acquisition costs	$ 11.6m
Total outlay	$253.3m
Rent	
Commencing rent	$ 18.8m
Annual reviews	3%
Market reviews	On exercise of each option (10% caps and collars)
Lease term	
Initial fixed term	10 years
Optional terms (tenant)	5 x 5 years

Summary of terms of leases

	Acquisition portfolio	Existing portfolio
Average lease term (incl. tenant options)	35 years	30 years
Annual rent reviews	3% fixed	Majority CPI
Market rent reviews	At exercise of each option (no mid-term review for initial 10 year term)	Most every 5 years
Limits on market reviews	±10% of preceding year rent	None for earlier leases Since 2002: ±10% -20%
Land tax recovery	Single holding	Multiple holding for earlier leases Single holding since 2002
Capital upgrades	\$2m-\$6m per term	None other than Villawood & Mt Gravatt

Financial impact

Funding	With transaction (pro-forma 31 Dec 2010)	Without transaction (at 31 Dec 2010)
Equity (units on issue)	515m	427m
Borrowings	$300m	$193m
Gearing (borrowings/total assets)	23%	18%
Net Tangible Assets (per unit)	$1.91	$1.96
Estimated distributions (cents per unit)	**With transaction***	**Without transaction**
6 months (to 30 June 2011)	5.69	5.98 (pcp)
Full year (to 30 June 2011)	11.87	12.08 (pcp)
Full year to 30 June 2012	13.30	13.30

*includes the benefit of a waiver of management fees on the acquisition portfolio: 100% waiver until 30 June 2012 and 50% waiver for FY13

Funding structure

- Risky to commit to a substantial acquisition without funding in advance
- Fully debt-funded not viable:
  - insufficient capacity
  - results in unsustainable gearing level ~ 34%
  - no flexibility for further acquisitions

  ↳ some equity required
- Conditional placement would provide equity capital subject to unitholder approval of acquisition, but:
  - at a deeper discount to unit trading price
  - caters for institutional investors only
- Entitlement offer: all eligible unitholders can participate on equal terms

Advantages of the transaction

- Fixed 3% annual rental growth
- Market reviews at the end of each term
- Commencing rents low for 8 properties
- Improves geographic diversity
- Increases average lease expiry

Sustainability

Sustainability initiatives included in most of the Bunnings Warehouse:

- Water collection and recycling for toilets and nursery irrigation
- Energy efficient in-store lighting
- LED lighting in nursery and car park
- Solar and heat recovery hot water systems

Sustainability initiatives to be incorporated in design brief for showrooms/retail tenancy to be developed by BWP at Harrisdale, WA

Disadvantages of the transaction

- Reduced distribution per unit for the six months to 30 June 2011
- Decrease in Net Tangible Asset backing per unit (resulting from issuing additional units)
- New properties' rental growth likely to be lower than existing portfolio in medium term (...but, longer term growth expected to be comparable)
- Transaction costs of approximately $11.6 million (mainly stamp duty)
- General investment risks (refer to Explanatory Memorandum)
- Refer also to PWC independent expert's report

Summary

- Proposed acquisition of a portfolio of 13 properties for $242m is largest single proposed acquisition for the Trust since it listed in 1998
- Acquisition complements BWP's existing portfolio and enhances the quality of the Trust's portfolio (growth platform)
- Consistent with the Trust's core purpose of providing unitholders with a secure and growing income stream and long-term capital growth
- Transaction is neutral to forecast distribution of 13.3 cents per unit for year ending 30 June 2012
- Independent expert assesses the acquisition as fair and reasonable

Review of operations

Acquisition & divestment

Acquired: Port Melbourne, Victoria

- Established Bunnings Warehouse
- Acquired December 2010
- 2.5km from Melbourne CBD
- Purchase price $24.0m + $1.4m costs
- Passing rent $1.65m
  (review to CPI March 2011)

Sold: Canning Vale, WA (Oct 2010)

- Industrial property (ex-Blackwoods)
- Sale price $7.5m
  (0.09 cents per unit to unitholders)

Rocklea, Queensland

$3.8m upgrade

Completion: 2nd half 2011

Retail area increase: 2,893m^2

Annual rent increase: $0.31m

New lease: 10 years + 10 years

Date: 13 January 2011
Source: Channel 9, Today show

Upgrade – Broadmeadows, Victoria

$5.9m upgrade

Completed: Dec 2010

Retail area increase: 3,824m^2

Annual rent increase: $0.47m

New lease: 10 years + 10 years

Other developments in the pipeline

Fyshwick, ACT

$15m redevelopment

Completion: June 2012

Retail area increase: 7,082m^2

Annual rent increase: $0.55m

Non-reviewable: $1.05m pa for 12 years

New lease: 12 years + 4x 5 years

Minchinbury, NSW

$4m adjoining land acquisition

Settlement: May 2011

Land area: approx. 5,186m^2

Purpose: Expand existing Bunnings Warehouse

Annual income until developed: $0.32m

Development date: TBA

Bank funding

- Bank bill facilities with 4 main Australian banks
- Refinancing discussions progressing well, finalising terms with NAB and CBA
- Generally, market pricing and terms improving and reflected in BWP's discussions with banks to date
- Portfolio Acquisition expected to improve cost of borrowings rate by making use of undrawn capacity:

    9.4% for 6 months to 31 March 2010

    8.3% estimated for full-year to 30 June 2012

Woolworths hardware and home improvement

Assessment of impact on hardware industry and property market purely speculative at this stage

Potential positives for BWP

- Reinforces the success of the big-box hardware format
- Creates competitive market for properties – land values and market rents

  ↳ Should improve longer term prospects for BWP's portfolio

Sustainability of big-box hardware market:

- Well established and popular concept
- Part of a large hardware and home improvement market
- Relatively low market penetration compared with overseas
- Potential for category and product line expansion

Further information

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Formal business of Unitholder meeting

John Austin, Chairman

Bunnings Property Management Limited

Questions

Thank you