

# **BUNNINGS**

## **WAREHOUSE PROPERTY TRUST**

ARSN 088 581 097

10 August 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

### **RESULTS FOR YEAR ENDED 30 JUNE 2006**

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

- Full year results announcement
- Appendix 4E – Preliminary Final Report
- Ernst & Young Independent Audit Report



A M NIARDONE  
COMPANY SECRETARY

# **BUNNINGS**

## **WAREHOUSE PROPERTY TRUST**

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### **5.4% Distribution Growth for 2005/06**

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The Directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today announced a distributable profit of \$38.0 million up from \$36.1 million last year.

The net profit for the year was \$75.2 million, including \$37.2 million unrealised gain in fair value of investment properties.

Total income was \$55.1 million, up by 8.9 per cent from last year's \$50.6 million due to additional income received from new properties, property upgrades and annual rent reviews.

#### **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 5.00 pm on 30 June 2006.

This brings the total distribution for the 2005/06 year to 12.61 cents per unit, a 5.4 per cent increase on last year's distribution of 11.96 cents per unit.

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

The Distribution Reinvestment Plan remains suspended until further notice.

#### **Finance**

At 30 June 2006, the Trust had total assets of \$731.6 million, with unitholders' equity of \$504.5 million and total liabilities of \$227.1 million.

The gearing ratio (debt to total assets) at 30 June 2006 was 27.5 per cent, within the Trust's preferred range of 20 to 40 per cent.

At 30 June 2006, 88.0 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.

#### **Acquisitions and developments**

During the year the Trust continued to add quality properties to the portfolio which included the acquisition of an established Bunnings Warehouse store, which was formerly a BBC Hardware, at Morley, in Western Australia. The property was acquired in July 2005 for a total outlay of \$11.7 million.

Development of a new Bunnings Warehouse store at Vermont South, in Victoria, 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.

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.

A \$2.9 million upgrade of the existing Northland Bunnings Warehouse store, in Victoria, was completed by Bunnings Group Limited as project manager for the Trust in August 2005. Other upgrade works were commenced at Croydon in Victoria, Cairns in Queensland and Lismore in New South Wales but not completed during the financial year.

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.

Capital expenditure on acquisitions, developments and upgrades during the year amounted to \$33.8 million.

The property activity undertaken during the year has enhanced or is expected to enhance in the future the value and geographic diversification of the Trust's portfolio. At 30 June 2006, the average lease expiry profile of the Trust's portfolio was 8.9 years.

### **Market rent reviews**

During the year, one market rent review was completed, for the Bunnings Warehouse at Rockingham, an outer suburb of Perth in Western Australia, which resulted in a 17.2 per cent uplift in the passing rent of the property. The market review was in accordance with Trust leases which call for reviews on the fifth anniversary of the lease commencement date.

### **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 a 10.9 per cent increase 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.

## 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 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.

For further information please contact:

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Website: [www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au)

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## APPENDIX 4E

ARSN 088 581 097

Financial year ended 30 JUNE 2006

### Results for announcement to the market

\$000

Revenues from ordinary activities	up 8.9%	to	55,119
Profit from ordinary activities attributable to members	down 5.9%	to	75,246
Net profit for the year attributable to members	down 5.9%	to	75,246

### Distributions

Amount per ordinary security

Interim distribution	6.22 cents
Final distribution	6.39 cents
Previous corresponding year	
Interim distribution	5.79 cents
Final distribution	6.17 cents

Record date for determining entitlements to the final distribution 30 June 2006

Date the final distribution is payable 30 August 2006

Has the distribution been declared? Yes

	Current year \$'000	Previous corresponding year \$'000
Final distribution amount	19,262	18,599

### Distribution Reinvestment Plan

The Bunnings Warehouse Property Trust Distribution Reinvestment Plan remains suspended.

**BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT****Income and distribution statement**

For the year ended 30 June 2006

	<b>2006</b>	2005
	<b>\$000</b>	\$000
<b>CONTINUING OPERATIONS</b>		
Rental income	<b>53,891</b>	48,863
Other property income	<b>1,084</b>	1,671
Interest income	<b>131</b>	86
Other income	<b>13</b>	-
	<b>55,119</b>	50,620
Unrealised gain in fair value of investment properties	<b>37,180</b>	43,884
Responsible entity's fees	<b>(3,962)</b>	(3,485)
Other operating expenses	<b>(1,225)</b>	(972)
Net profit from continuing operations before finance costs	<b>87,112</b>	90,047
Finance costs	<b>(11,866)</b>	(10,118)
Net profit from continuing operations attributable to unitholders of Bunnings Warehouse Property Trust	<b>75,246</b>	79,929
<b>DISTRIBUTION STATEMENT</b>		
Net profit attributable to unitholders of Bunnings Warehouse Property Trust	<b>75,246</b>	79,929
Undistributed income at the beginning of the financial year	<b>133,964</b>	90,087
Distributions paid or payable	<b>(38,011)</b>	(36,052)
<b>Undistributed income at the end of the financial year</b>	<b>171,199</b>	133,964
Basic and diluted earnings (cents per unit)	<b>25.0</b>	26.6
Distribution (cents per unit)	<b>12.61</b>	11.96

**BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT**

**Balance sheet**

As at 30 June 2006

	<b>2006</b>	2005
	<b>\$000</b>	\$000
<b>Current assets</b>		
Cash assets	6,212	5,752
Other receivables	344	977
Derivative financial instruments	36	-
<b>Total current assets</b>	<b>6,592</b>	6,729
<b>Non-current assets</b>		
Investment properties	721,125	650,100
Other receivables	850	-
Derivative financial instruments	3,045	-
<b>Total non-current assets</b>	<b>725,020</b>	650,100
<b>Total assets</b>	<b>731,612</b>	656,829
<b>Current liabilities</b>		
Payables	6,918	7,013
Interest bearing loans and borrowings	149,430	-
Derivative financial instruments	34	-
Distribution payable	19,262	18,599
<b>Total current liabilities</b>	<b>175,644</b>	25,612
<b>Non-current liabilities</b>		
Payables	-	75
Interest bearing loans and borrowings	51,469	166,945
<b>Total non-current liabilities</b>	<b>51,469</b>	167,020
<b>Total liabilities</b>	<b>227,113</b>	192,632
<b>Net assets</b>	<b>504,499</b>	464,197
<b>Unitholders' equity</b>		
Issued capital	330,233	330,233
Reserves	3,067	-
Undistributed income	171,199	133,964
<b>Total unitholders' equity</b>	<b>504,499</b>	464,197
<b>Net tangible asset backing per unit</b>	<b>\$1.67</b>	\$1.54

## Cash flow statement

For the year ended 30 June 2006

	<b>2006</b>	2005
	<b>\$000</b>	\$000
<b>Cash flows from operating activities</b>		
Rent received	<b>60,353</b>	56,670
Payments to suppliers	<b>(6,685)</b>	(7,547)
Payments to the responsible entity	<b>(3,710)</b>	(3,398)
Interest received	<b>131</b>	86
Finance costs	<b>(11,620)</b>	(10,449)
<b>Net cash flows from operating activities</b>	<b>38,469</b>	35,362
<b>Cash flows from investing activities</b>		
Payments for purchase of, and additions to, the Trust's property investments	<b>(33,765)</b>	(20,771)
Loans to related parties	<b>(850)</b>	-
<b>Net cash flows used in investing activities</b>	<b>(34,615)</b>	(20,771)
<b>Cash flows from financing activities</b>		
Proceeds of borrowings	<b>33,954</b>	11,725
Distributions paid	<b>(37,348)</b>	(25,930)
<b>Net cash flows from financing activities</b>	<b>(3,394)</b>	(14,205)
Net increase in cash	<b>460</b>	386
Cash at beginning of the financial year	<b>5,752</b>	5,366
<b>Cash at the end of the financial year</b>	<b>6,212</b>	5,752



**BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT**

**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 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)
<b>Balance at 30 June 2005</b>	<b>330,233</b>	<b>133,964</b>	<b>-</b>	<b>464,197</b>
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)
<b>Balance at 30 June 2006</b>	<b>330,233</b>	<b>171,199</b>	<b>3,067</b>	<b>504,499</b>

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Finance costs

	<b>2006</b>	2005
	<b>\$000</b>	\$000
Interest expense – other persons/corporations	<b>12,028</b>	10,377
Interest expense capitalised	<b>(162)</b>	(259)
	<b>11,866</b>	10,118

## Reconciliation of operating profit to the net cash flows from operations

Net profit	<b>75,246</b>	79,929
Net fair value change on investment properties	<b>(37,180)</b>	(43,884)
Decrease/ (increase) in receivables	<b>633</b>	(293)
Increase in payables	<b>(230)</b>	(390)
Net cash flows from operating activities	<b>38,469</b>	35,362

## Reconciliation of cash

Cash balance comprises:

Cash	<b>6,212</b>	5,752
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## Non-cash financing activities

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

### **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. 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.

### **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.

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Transition to AIFRS (continued)

### Income statement reconciliation for the year ended 30 June 2005

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

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Transition to AIFRS (continued)

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

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

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Transition to AIFRS (continued)

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

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

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

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

# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Transition to AIFRS (continued)

	1 July 2005 \$000	30 June 2005 \$000	1 July 2004 \$000
<i>Breakdown of impact on undistributed income:</i>			
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)
	<u>133,948</u>	<u>133,948</u>	<u>90,086</u>
<i>Breakdown of impact on reserves:</i>			
Transfer of asset revaluation reserve to undistributed income	(104,335)	(104,335)	(75,079)
Fair value of hedge derivatives	(1,204)	-	-
	<u>(105,539)</u>	<u>(104,335)</u>	<u>(75,079)</u>



# BUNNINGS WAREHOUSE PROPERTY TRUST PRELIMINARY FINAL REPORT

## Ratios

### Net tangible asset backing

Net tangible asset backing per unit	<b>\$1.67</b>	\$1.54
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### Profit/revenue

Net profit as a percentage of revenue	<b>137%</b>	158%
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### Profit/equity interests

Net profit attributable to unitholders as a percentage of equity (similarly attributable) at the end of the year	<b>15%</b>	17%
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## Related party disclosure

Number of units held by the management company or responsible entity or their related parties.

68,250,435
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Management fees paid and payable to the management company, Bunnings Property Management Limited, a wholly owned subsidiary of Wesfarmers Limited.

\$3,962,210
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## Segment reporting

The Trust operates in a single segment being property investment in Australia.

## Commentary on the results for the year

The commentary on the results for the year is contained in the press release dated 10 August 2006 accompanying this statement.

## Subsequent event

No 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.

## Audit

This report is based on accounts that have been audited.

## Independent audit report to the unitholders of Bunnings Warehouse Property Trust

### Scope

#### *The financial report, remuneration disclosures 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.



Ernst & Young



G H Meyerowitz  
Partner  
Perth

10 August 2006