

ASX release

21 November 2014

ACQUISITION OF DEVELOPMENT SITE – AUSTRALIND, WESTERN AUSTRALIA

The directors of BWP Management Limited, the responsible entity for the BWP Trust (“the Trust”), today announced the acquisition of a 2.85 hectare development site in Australind, Western Australia, from Bunnings Group Limited (“Bunnings”) on which Bunnings will develop a Bunnings Warehouse.

The purchase price of the property is \$8.285 million (plus acquisition costs of approximately \$0.5 million), with settlement expected to occur in March 2015. On completion of the development, which is expected to be in June 2015, the Trust will pay Bunnings a development fee of \$9.575 million, representing a total consideration of \$17.86 million for the completed development, which is supported by an independent valuation at a capitalisation rate of 7.0 per cent. The acquisition will be funded from existing debt facilities, and will be accretive to earnings from settlement.

The subject property is located at the corner of Ditchingham Place and Kingston Drive in the subdivision of Treendale, Australind. Australind is located approximately 150 kilometres south of the Perth central business district, and 15 kilometres north-east of the Bunbury business centre.

Bunbury is the second largest urban area in Western Australia, with a population, inclusive of surrounding suburbs, of approximately 80,000 residents. The greater Bunbury region has had an annual population growth of 2.8 per cent over the last five years. The south-west region of Western Australia has a diverse economy including mineral processing, energy production, mining, manufacturing, agriculture, timber and pastoral industries.

A Bunnings Warehouse with a total retail area of 13,422 square metres and approximately 225 car parking spaces will be developed on the site. Land uses surrounding the development site include the Treendale Shopping Centre, fast food outlets, a petrol station, and industrial and residential precincts.

The commencing annual rental income of the property is \$1.25 million, with Bunnings leasing the property on completion for an initial fixed term of 12 years and a further five optional terms of six years each, at Bunnings’ election. Under the lease the rent increases by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings the rent is subject to a market rent review, having regard to the rents paid at comparable properties. The market rent reviews for the property are subject to a 10 per cent ‘cap and collar’, meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year’s rent.

From settlement to when the development is completed, Bunnings will pay the Trust a 7.0 per cent per annum access fee on the purchase price.

Managing Director, Michael Wedgwood, said the transaction provides a good opportunity for the Trust to add a quality, well located property to the portfolio, in a strongly growing part of regional Western Australia.

The acquisition increases the number of properties in the portfolio to 85, of which 79 are Bunnings Warehouses.



The transaction is a “related party transaction” for the purposes of ASX Listing Rule 10.1 which sets out the approval requirements for substantial asset transactions between related parties. The Trust holds a waiver from the ASX which allows it to enter into leasing transactions with Bunnings, without the need to obtain unitholder approval under Listing Rule 10.1, subject to certain conditions, including that the lease agreements are substantially on the same terms and conditions established by the parties for leases of Bunnings Warehouse properties. The directors of BWP Management Limited confirm that the transaction was negotiated with Bunnings on an “arm’s length” basis; the lease is a standard Bunnings Warehouse lease with terms and conditions consistent with the requirements of the ASX waiver and, as such, unitholder approval is not required.

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