



Full-year results 2011

August 2011



Presentation outline

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BWP Management Limited

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BWP Management Limited

- > Overview
- > Results
- > Portfolio
- > Capital management
- > Governance
- > Outlook

Overview

- > Increased revenue and distributable profit from acquisitions, development and rent reviews
- > Full-year distribution of 11.98 cents per unit
- > \$150m capital raising to fund acquisitions
- > Acquisition of 11 Bunnings Warehouse properties + agreement to buy 3 more
- > 100% occupancy at 30 June 2011
- > 8.6 years weighted average lease expiry
- > Portfolio cap rates stable at 7.65%
- > Net revaluation gain of \$25.3m for the year from rental growth
- > NTA of \$1.90 per unit

Overview – market performance

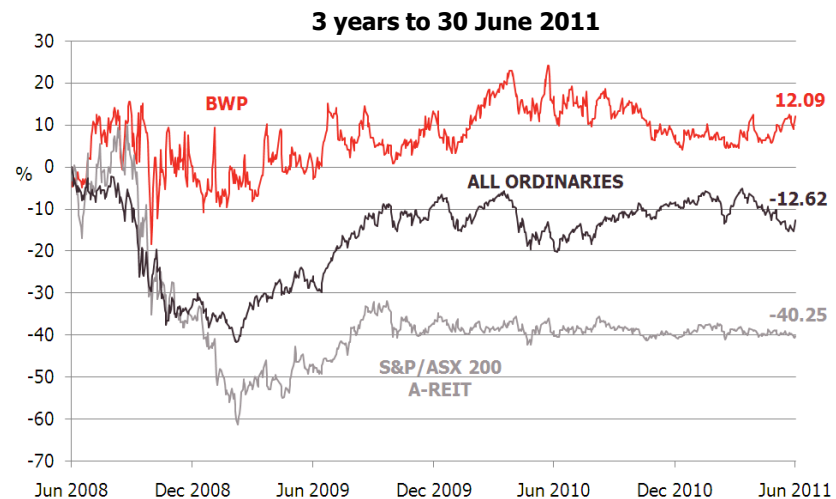
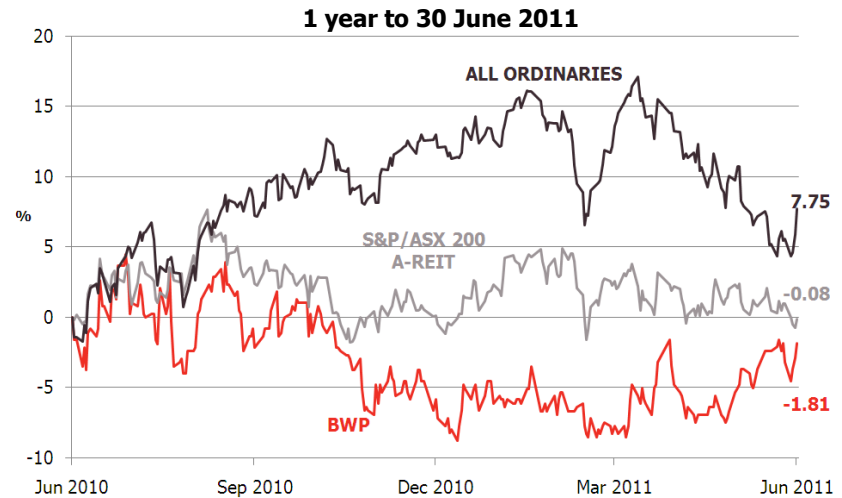
BWP unit price performance flat for the year

...but longer term shows BWP outperformance

Source: Reuters, rebased to 100 for periods ended 30 June 2011



BWP unit price vs S&P/ASX 200 A-REIT index & All Ordinaries index

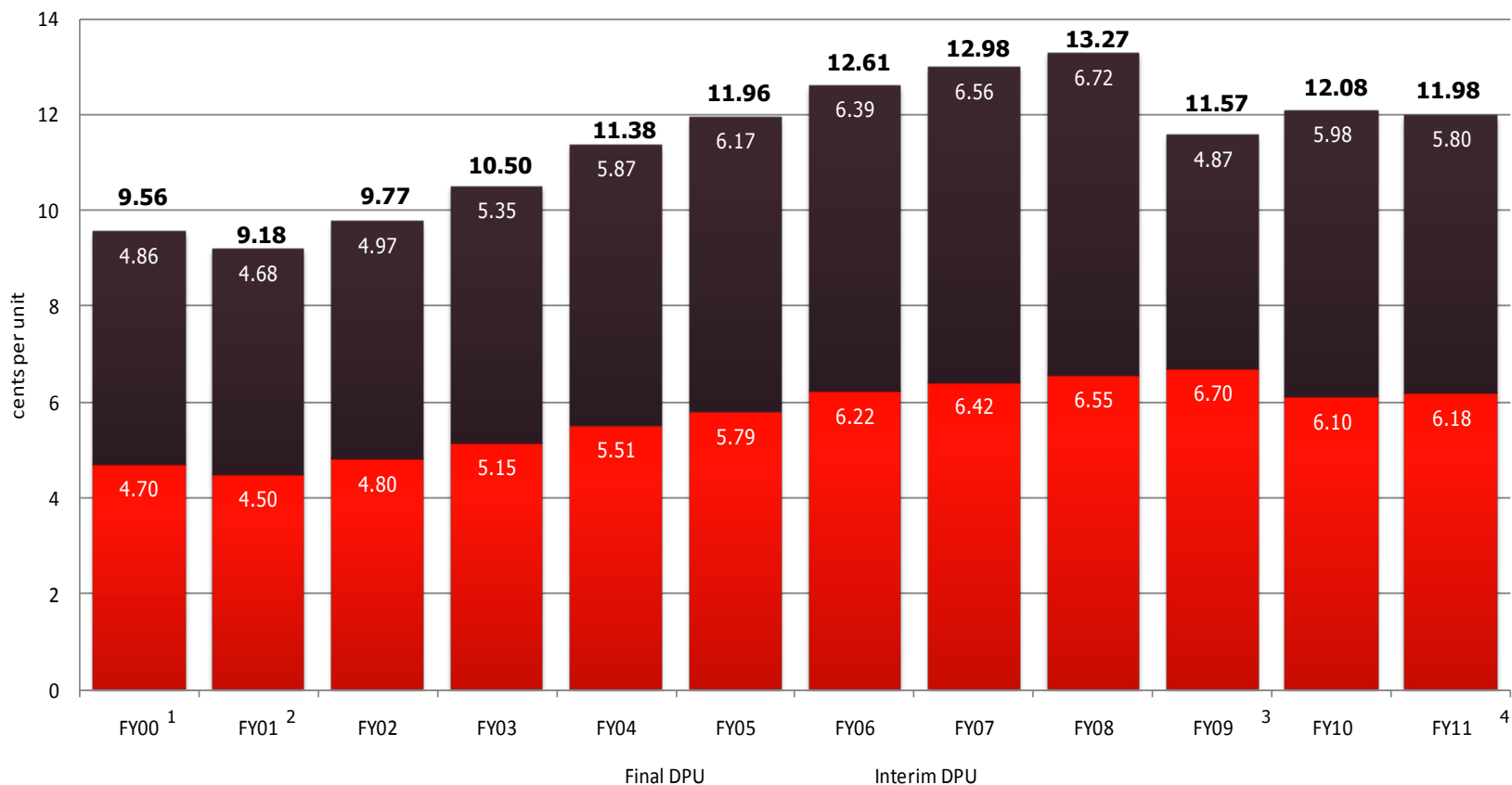


Results - performance

	2010/11	Previous corresponding period
Revenue	\$85.3 million	↑ 8.6% on pcp
Net profit/(loss) including revaluations	\$81.5 million	(\$10.7) million pcp
Distributable profit (excluding revaluations)	\$56.6 million ¹	↑ 12.2% on pcp
Full year distribution	11.98 cpu	↓ 0.8% on pcp
Total assets	\$1,242.1 million	↑ 21.0% on pcp
Borrowings	\$210.8 million	\$193.5 million pcp
Net tangible assets	\$1.90 per unit	↑ \$0.02 on pcp
Weighted average cap rate	7.65%	7.65% pcp
Gearing (debt to total assets)	17.0%	18.8% pcp
Covenant gearing (debt + n.c.l. to total assets)	17.1%	19.3% pcp

¹ includes \$0.4m capital distribution from the sale of the Canning Vale industrial property

Results – distributions



¹ BWP commenced trading in Sep 98

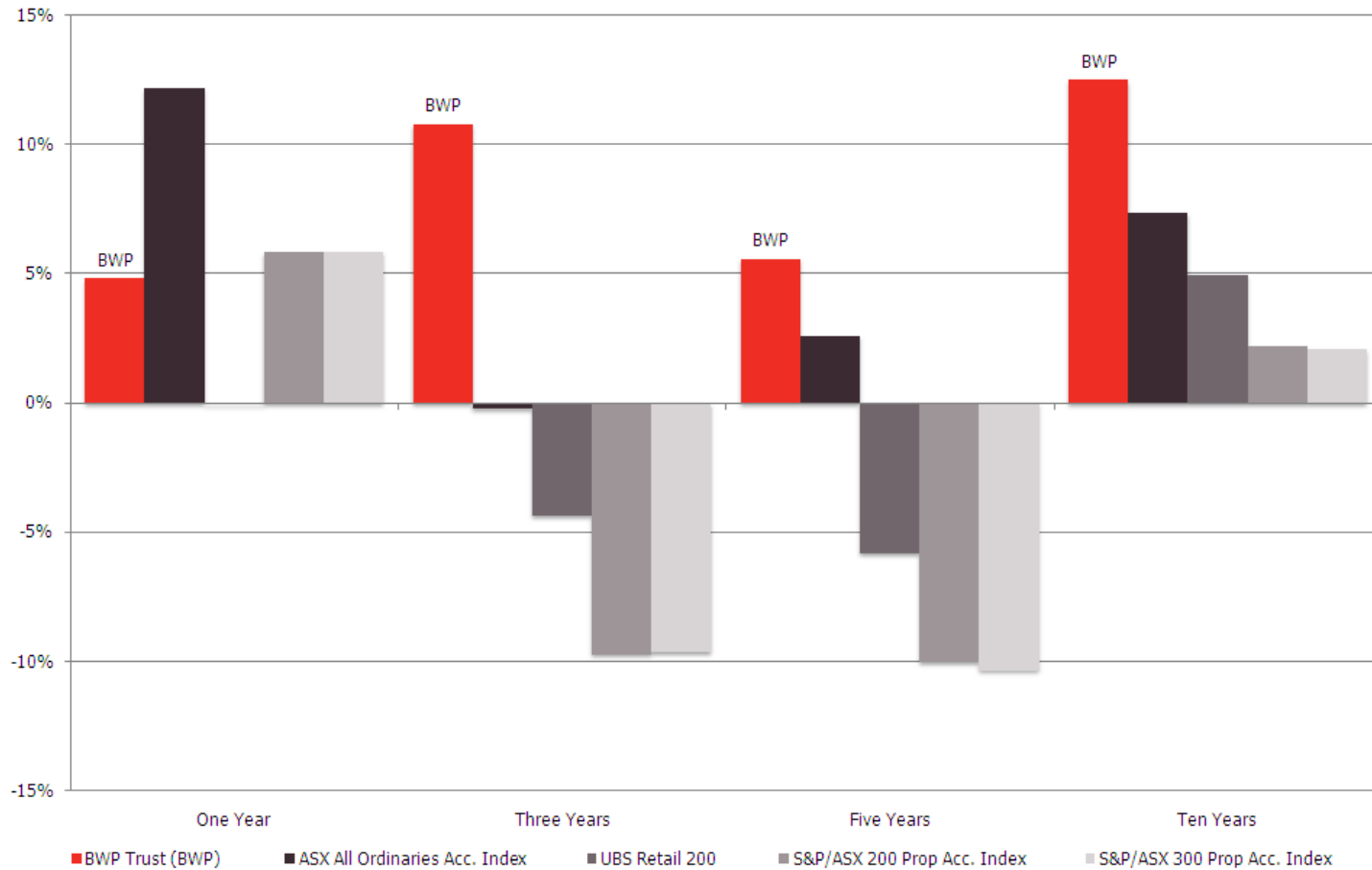
² end of concessional management fee

³ final distribution 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 includes \$0.4m (0.09cpu) capital profit on sale of Canning Vale

Results – total returns

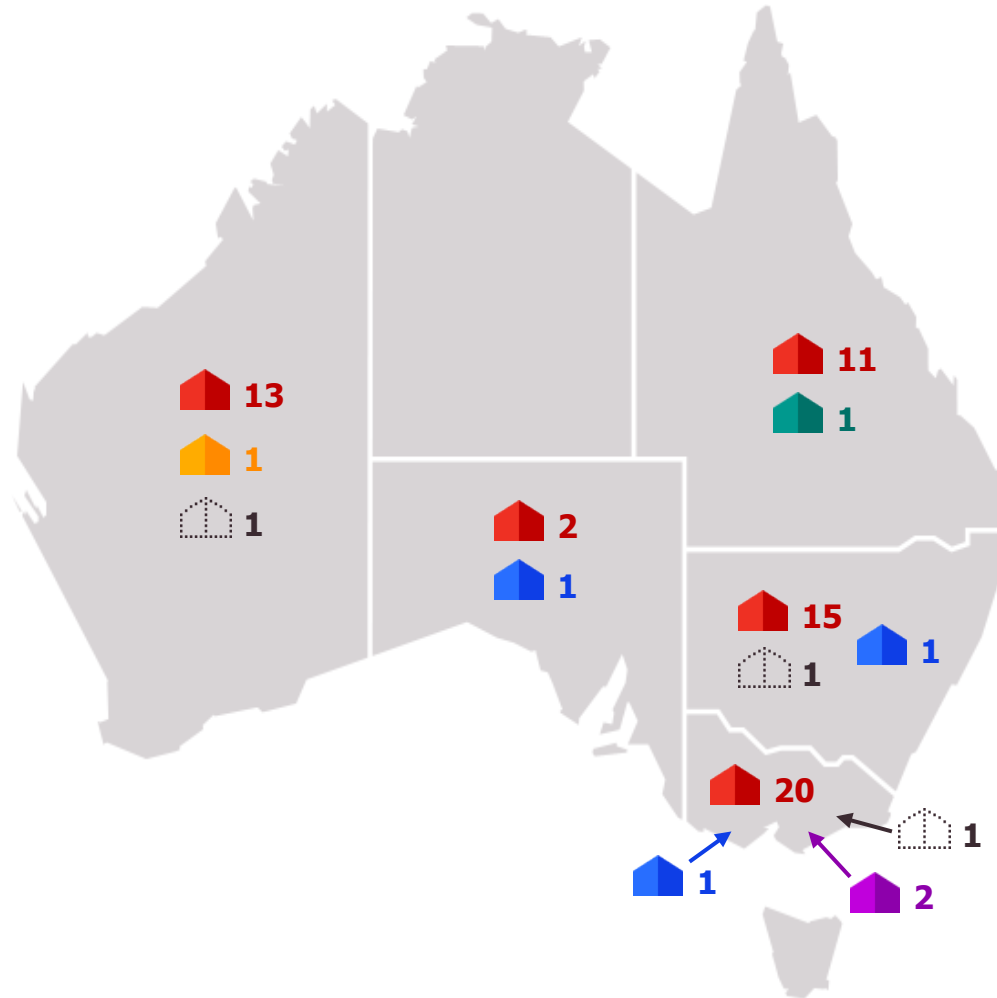
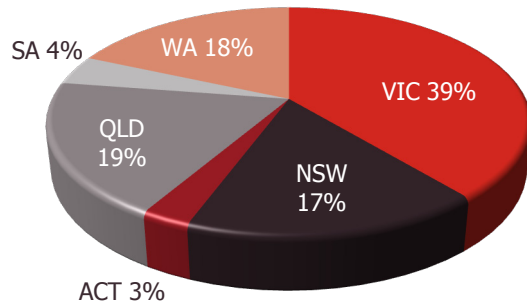
> BWP total returns compared to market – period ended 30 June 2011



Portfolio - geographic spread

-  60 Bunnings Warehouses
-  2 Bunnings Warehouse and showrooms
-  3 Bunnings Warehouse development sites
-  1 Bunnings distribution centre
-  1 Bulky goods showrooms
-  3 Industrial properties

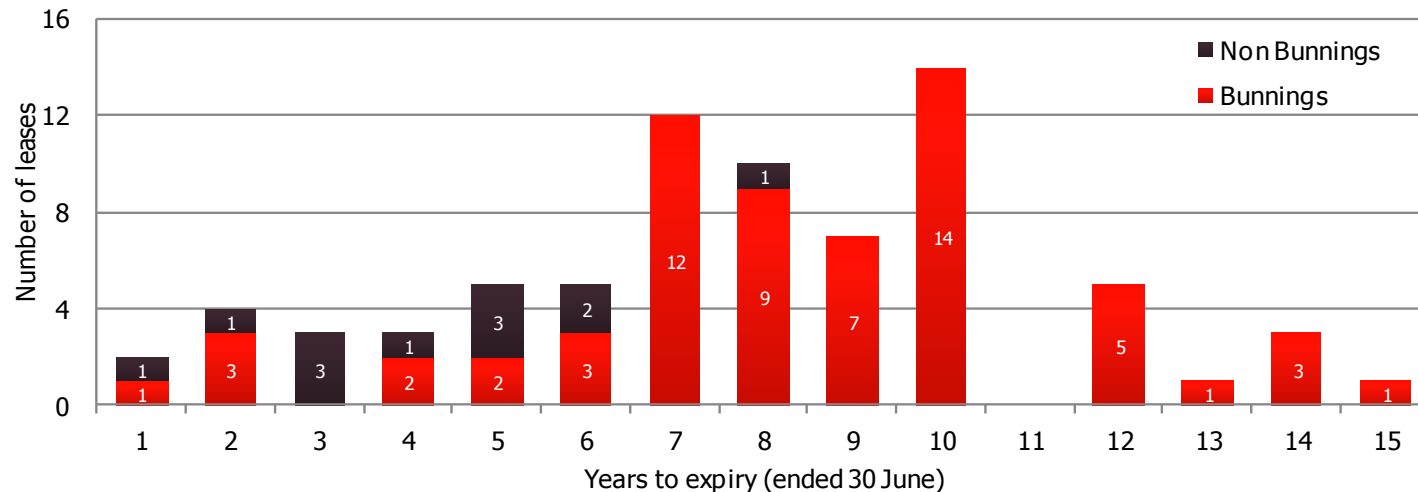
BWP rental income
(as at 30 Jun 2011)



Portfolio - WALE

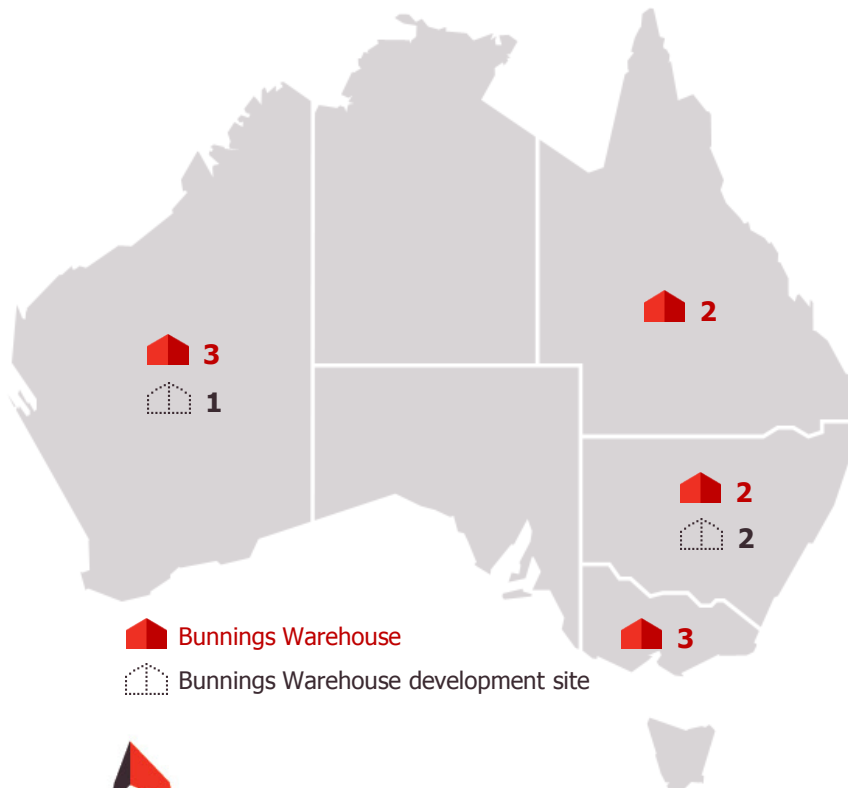
- > 8.6 year weighted average lease expiry (by rental income)
- > Typical Bunnings Warehouse lease features:
 - Minimum 10 year initial term (plus 5 year tenant options)
 - 5 yearly market rent reviews (majority uncapped)
 - annual CPI or 3% escalation
 - Wesfarmers covenant (A- (stable) credit rating)
- > Non Bunnings rental income represents 4.3% of the portfolio rental income at 30 June 2010

Lease expiry profile



Portfolio - acquisition from Bunnings

- > Geographically spread – 4 states
- > 10 properties settled by 30 June 2011; Dubbo settled 5 August; Craigieburn expected to settle in October and Wallsend expected to settle in March 2012
- > Refer to Appendix A for detailed information on portfolio acquisition



 Bunnings Warehouse

 Bunnings Warehouse development site

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

Portfolio – acquisition from third party

> **Port Melbourne, Victoria** **(\$24.0m purchase price, plus \$1.4m acquisition costs)**

- 2.5 kilometres south-west of Melbourne CBD
- 3.0ha site, 13,846m² total retail area
- lease commencement 17 March 2008
- 12 years + 4x5 year options
- annual rent \$1.65m
- cap rate on net income 6.9%
- annual CPI escalation
- market review in March 2013 and on exercise of options (cap 10%/collar 5%)
- acquired December 2010



Portfolio – acquisition and divestment

> **Minchinbury, NSW**

(\$4.0m purchase price, plus \$0.3m acquisition costs)

- 5,186m² vacant site adjoining existing Trust owned Bunnings Warehouse
- land acquired in May 2011 for future expansion of the Bunnings Warehouse
- 35 kilometres west of Sydney central business district
- total land holding 3.6ha
- Bunnings pays an 8% access fee amounting to approximately \$341,000 per annum until the Bunnings Warehouse is expanded onto the site

> **Canning Vale, WA (\$7.5m sale price)**

- industrial property (ex Blackwoods)
- sold October 2010
- 0.09 cents distribution to unitholders

Portfolio – developments completed in FY11

> **Broadmeadows, Victoria (\$5.9m)**

- 3,824m² expansion of the fully-enclosed covered area of the Bunnings Warehouse completed in December 2010
- incremental annual rent \$0.47m
- new 10 year lease with one 10 year option
- annual CPI escalation
- market reviews every 5 years (no caps/collars)



Portfolio - pipeline

> Capital committed to acquisitions & developments

	Property	\$m	
Acquisitions	Craigieburn	18.42	
	Wallsend	2.50	20.92
Developments	Greenacre	16.75	
	Harrisdale	7.90	
	Fyshwick	15.00	
	Rocklea	3.83	
	Scoresby	6.26	
	Wallsend	18.79	68.53
Total			89.45

Not including acquisition costs

Portfolio – developments committed

> Scoresby, VIC (\$6.3m)

- estimated completion January 2012
- increase in fully enclosed covered area from 8,379m² to 10,549m²
- incremental annual rent \$0.59m
- new 10 year lease + two five year options
- annual CPI escalation
- market rent reviews every five years (hard ratchets¹ on all market rent reviews)

¹ Rent to be no less than the rent in the preceding year

> Harrisdale, WA (\$7.9m) & Greenacre, NSW (\$16.75m)

- development sites acquired from Bunnings as part of portfolio transaction in early 2011
- New Bunnings Warehouses being developed by Bunnings for the Trust
- Harrisdale completion on schedule for October 2011
- Greenacre expected completion in March 2012 following rain delays

Portfolio – developments committed

> **Fyshwick, ACT (\$15.0m)**

- estimated completion June 2012
- redevelopment and expansion of existing Bunnings Warehouse onto adjoining Trust-owned 1.0 ha site acquired in 2005
- increase in total retail area from 6,648m² to 13,730m²
- incremental reviewable rental \$0.55m per annum, plus non-reviewable (amortised) fixed rental of \$1.05m per annum for initial term
- new 12 year lease + four five year options
- annual CPI escalation
- market rent reviews at the exercise of each option (no caps/collars)

> **Rocklea, Qld (\$3.8m)**

- estimated completion June 2012
- expansion of main trade area, timber drive through and new yard area
- incremental rent \$0.39m per annum
- new 10 year lease + one 10 year option
- annual CPI escalation
- market rent reviews every five years (no caps/collars other than a hard ratchet on first market rent review)

Portfolio – other improvements

> **Blackburn, VIC**

- re-configuration works of \$0.2m required for two main tenants

Gainsborough

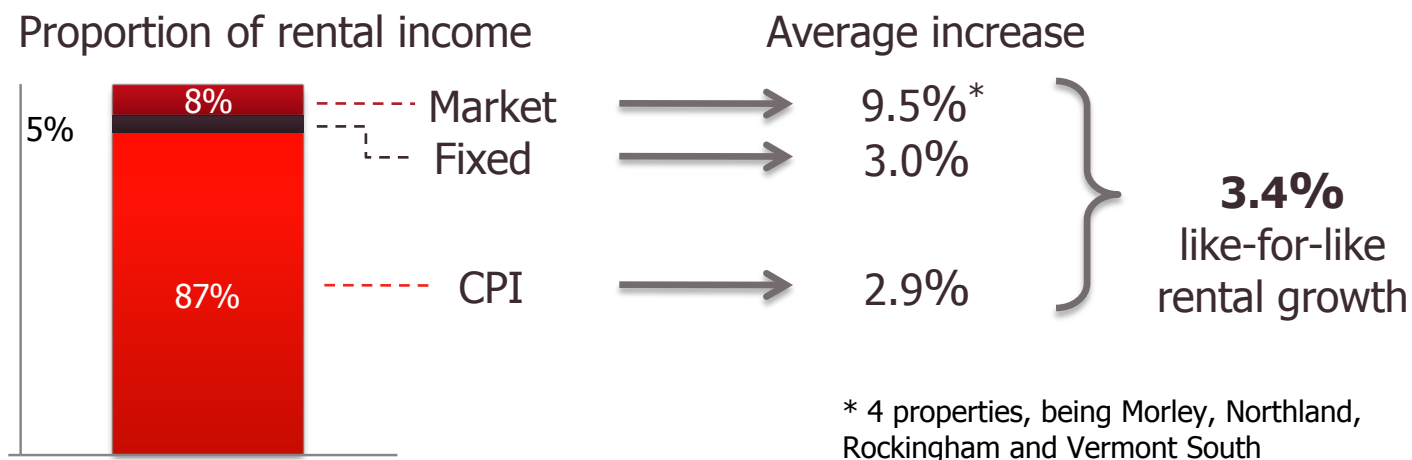
- new 8 year lease + one 5 year option
- annual fixed 4% escalation during initial term and option
- market rent review on exercise of option (hard ratchet)

Sleepmaster

- exercised its 5 year option commencing in April 2012
- market rent review in April 2012 (hard ratchet)
- annual fixed 3% escalation during option term

- weighted average lease expiry of 6.5 years as at 30 June 2011 (1.7 years pcg)

Portfolio – FY11 rent reviews



Like-for-like rental growth

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
BWP	8.2%	4.1%	3.0%	4.4%	2.8%	7.1%	2.9%	3.4%

Note: Like-for-like rental growth compares the passing rent at the end of the period to the previous corresponding period

Portfolio – FY11 market rent reviews

Property location	Passing rent (\$'000)	Reviewed rent (\$'000)	Uplift (\$'000)	Uplift (%)	Effective date
Mile End, SA ¹	1,411	1,845 ²	434	+30.8	22 Mar 10
Morley, WA	1,016	1,168 ³	152	+15.0	3 Jul 10
Vermont South, VIC	1,959	1,959 ³	-	-	15 Aug 10
Northland, VIC	1,453	1,628 ²	175	+12.1	19 Aug 10
Rockingham, WA	1,262	1,475 ³	213	+16.9	16 Aug 10
Weighted average				+13.7	

¹ Excludes amortised rent not subject to review

² Determined by an independent valuer

³ Negotiated outcome between the Trust and the tenant

Portfolio - revaluations

- > **June 2011 weighted average capitalisation rate 7.65%**
 - Dec 10: 7.62% and June 10: 7.65%
 - net fair value increase in FY11 of \$25.3m
 - 13% of BWP portfolio independently valued in June 2011
 - independent valuations = 2bps cap rate expansion on 31 Dec 2010
 - refer to Appendix B for valuation process and Jun 11 valuation summary by State/Territory

Portfolio –revaluations and new reviews

> Future Bunnings Warehouse (“BWH”) revaluations and market rent reviews

	FY12	FY13	FY14	FY15	FY16
BWH rent reviews	7	7	19	12	4
% of total ¹	11%	11%	31%	19%	6%
Portfolio revaluations	24	19	26	24	19
% of total ²	38%	24%	37%	38%	24%

Refer Appendices B & C for outline of valuations and market rent review process

¹ percentages based on number of Bunnings Warehouses as at 30 June 2011

² percentages based on fair value as at 30 June 2011

Capital management

- > Balance sheet strength supported by:
 - low gearing - 17.0% at 30 June 11 (17.1% covenant gearing)
 - strong lease covenant in Bunnings/Wesfarmers
 - solid rental base with growth from CPI and programmed rent reviews
 - low level of committed capex
- > Maintaining 100% pay-out ratio of distributable profit
- > Distribution Reinvestment Plan (“DRP”)
 - suspended in respect of final distribution in view of uncertainty and volatility in Australian equity markets and prevailing market price of BWP units
- > Refinancing of 3 of 4 bank bill facilities
 - 2.4 years weighted average term to expiry from 30 June 2011
 - fees and margins declining

Capital management – debt facilities

As at 30 June 11	Limit (\$m)	Drawn (\$m) ¹	Expiry
ANZ	100	36.9	31 Jul 2013
CBA	100	49.9	14 Jan 2014
WBC	80	75.0	2 Nov 2013
NAB	50	50.0	31 Mar 2014
	330	211.8	

¹ amount drawn includes accrued interest of \$1.0 million as at 30 June 2011

- > Interest cover: 4.1x (2010: 3.7x) at 30 June 2011
- > Average duration: 2.43 years at 30 June 2011

Capital management – interest rate hedging

- > \$180.0m hedged (85%) at 5.77% weighted average¹
- > 3.34 years weighted average maturity, including delayed starts (2010: 3.26 years)

Hedge book profile by half-year ending:	Jun 11	Dec 11	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14
Active swaps (\$ m)	180	170	190	185	185	175	175
Swap rates (%)							
Maximum	7.72	7.35	5.82	5.77	5.77	5.77	5.77
Minimum	5.61	5.15	5.15	5.15	5.15	5.15	5.15
Weighted average¹	5.77	5.46	5.50	5.49	5.46	5.50	5.50

¹ weighted average at balance date of active swaps to maturity

Capital management – borrowing costs

- > Net borrowing costs for the full year (incl. fees and margins):
 - \$17.9m (down 3.8% on June 10)
 - average borrowings \$194.2m (2010: \$198.2m)
 - 9.2% of borrowings after hedging (June 10: 9.4%)
- > Effective rate of borrowings (9.2%) impacted by:
 - highly hedged position (fixed average rate of approx 5.77%)
 - high bank margins and fees
 - undrawn capacity
- > Outlook improving:
 - bank margins and fees reducing
 - forecast 8.3%-8.4% average net cost of borrowings for 2011/12

Governance – structure

Responsible Entity: BWP Management Limited

Subsidiary of Wesfarmers Limited but all external directors

- > **John Austin** (Chairman):
Leighton Properties (Chairman), MREEF, Ringmer Pacific (Chairman),
ex Jones Lang LaSalle, ex National Industrial Property Trust (Manager)
- > **Peter Mansell**
- > **Peter Johnston**
- > **Rick Higgins:** Charter Hall (unlisted retail trusts)
- > **Bryce Denison:** ex Wesfarmers (commenced 7 October 2009)

Major Tenant: Bunnings Group Limited

- > subsidiary of Wesfarmers Limited

Register

- > Wesfarmers 24%
- > "institutions" approximately 37%
- > retail, other approximately 39%



Governance - sustainability

- > Sustainability principles based on United Nations Principles for Responsible Investment
- > Passive nature of BWP's operations result in relatively minor impacts
- > Current focus on climate change priority, building knowledge/data, and improved reporting
- > Participated in Carbon Disclosure Project during the year ended 30 June 2011
- > More details in sustainability section of 2011 Annual Report

Outlook

Positive signs for growth:

- > Existing portfolio
 - 7 market rent reviews of Bunnings Warehouses for 2011/12
 - 89% of rental income in 2011/12 based on CPI/fixed escalation
 - tenant driven upgrades (Rocklea \$3.8m, Scoresby \$6.3m and Fyshwick \$15.0m)
- > Acquisitions
 - yields stabilised
 - BWP remains focussed on quality and will look to selectively acquire appropriately priced assets including non-Bunnings Warehouse properties offering accretive yields assets
- > Funding
 - availability and pricing improving for better credit risks such as BWP
 - debt capital markets may offer diversity and longer tenor

Outlook – FY12 rent reviews

> Rent review type FY12

	First half	Second half	% of rental income ²
CPI	32 ¹	19	73%
Fixed	3	14	16%
Market	6	2	11%
Total	41	35	100%



Market rent reviews
Coffs Harbour, NSW
Geraldton, WA
Midland, WA
Mindarie, WA
Croydon, VIC
Frankston, VIC
Oakleigh South, VIC
Sleepmaster Blackburn, VIC

¹ 24 CPI reviews completed H1 FY12 with average 3.55% increase

² percentage based on portfolio rental as at 30 June 2011

Masters 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

Responsible entity:

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The information provided in this presentation should be considered together with the financial statements for the period and previous periods, ASX announcements and other information available on the Trust's website.

All reasonable care has been taken in preparing the information contained in this presentation and it is intended to provide general information only and does not take into account individual objectives, financial situations or needs.

Appendix A:

Portfolio – acquisition of 13 properties from Bunnings

State	Property	Status	Approximate Land area (ha)	Gross lettable area ¹ (m ²)	Initial net rent (\$'000)	Initial yield (%)	Purchase price (\$'000)	Estimated settlement / completion date
NSW	Dubbo ^{2,3}	Operational	4.5	10,034	1,295	8.20	15,790	August 2011
NSW	Greenacre	Development	2.2	11,159	2,215	7.38	30,000 ⁴	March 2012
NSW	Wagga Wagga	Operational	3.6	9,497	1,200	8.00	15,000	April 2011
NSW	Wallsend ⁵	Development	5.6	10,882	1,650	7.75	21,290 ⁴	December 2012
QLD	Fairfield Waters	Operational	2.9	10,939	1,390	7.75	16,950 ⁶	April 2011
QLD	Smithfield ³	Operational	3.1	10,704	1,300	8.00	15,250 ⁶	May 2011
VIC	Caroline Springs	Operational	3.0	12,020	1,450	7.60	19,080	May 2011
VIC	Craigieburn ³	Operational	4.6	10,726	1,400	7.60	18,420	September 2011
VIC	Pakenham ²	Operational	3.5	12,410	1,600 ⁷	7.90	20,250	April 2011
WA	Belmont	Operational	2.2	8,215	1,250	7.50	16,670	April 2011
WA	Cockburn	Operational	2.6	10,212	1,400	7.50	18,670	April 2011
WA	Harrisdale	Development	3.7	10,081	1,325	7.40	17,900 ⁴	October 2011
WA	Port Kennedy ³	Operational	2.8	9,671	1,315	8.00	16,440	May 2011
Total / weighted average			3.4	10,497	18,790	7.71	241,710	

Notes:

- 1 Gross lettable area is fully enclosed covered area of the Bunnings Warehouse and other tenancies where applicable
- 2 Dubbo and Pakenham include non-Bunnings tenancies in addition to a Bunnings Warehouse
- 3 Dubbo, Craigieburn, Smithfield and Port Kennedy acquisitions are subject to subdivision approval of vacant surplus land to be retained by Bunnings. In the unlikely event that subdivision approval is not obtained the acquisition of the property will not proceed
- 4 Total price on completion of development. Harrisdale includes surplus land for future development by the Trust for separate retail/bulky goods showrooms
- 5 Wallsend is conditional on Bunnings exercising an option to acquire the land from a third party and nominating the Trust as purchaser once development approval satisfactory to Bunnings is obtained
- 6 Purchase price is based on commencing rent less non-recoverable land tax
- 7 Net rent less non-recoverable single holding land tax from showrooms

Appendix B: Valuations

- > Process
 - entire portfolio revalued every 6 months
 - independent valuations on a 3 year cycle for each property
 - balance of portfolio – directors' valuation using recognised valuation methodology
 - directors' valuations methodology reviewed by an independent valuer and have regard to market evidence and the independent valuations completed at the time
- > Valuations at 30 June 2011 by State/Territory

	No. of properties	Rental \$m/annum	Cap rate	Value \$m
VIC	24	36.0	7.53%	487.7
NSW/ACT	16	18.1	7.80%	253.0
QLD	12	17.5	7.86%	200.6
WA	15	17.1	7.61%	235.1
SA	3	3.9	7.45%	49.5
Total	70	92.6	7.65%	1,225.9

Appendix C: Market rent reviews

- > Typical Bunnings Warehouse market rent review clause
 - assumes free and open market with vacant possession
 - has regard to the rent paid by Bunnings at other Bunnings Warehouses
 - has regard to the rental value of other properties of a similar size and similar standard of construction and used for similar purposes
 - no regard to store turnover (i.e. no turnover or percentage rent)
- > Process
 - Trust's asking rent based on advice from an independent valuer
 - negotiation period with Bunnings
 - if not agreed with Bunnings then referred to determination
 - determination by independent valuer jointly agreed or nominated by the President of the Australian Property Institute
 - results binding