
Property Acquisition: Hawthorn, Victoria

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The directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, announce the acquisition of a 0.84 hectare development site in Hawthorn, Victoria, for a purchase price of \$19.4 million. The property, acquired from Yankel No. 17 Pty Ltd, is located at 230 Burwood Road, a major arterial road from Melbourne's eastern suburbs to the Melbourne CBD.

A Bunnings Warehouse is to be developed on the site, with completion due by the middle of 2009 at a cost to the Trust of \$24.0 million to be paid on completion. Under the terms of the development agreement, the developer will be responsible for outgoings and pay the Trust land rent to cover holding costs until the Bunnings Warehouse is completed. Building works will be performed by Becon Constructions.

The Bunnings Warehouse will have a total retail area of 7,462 square metres and 299 car bays in a new multi-level format. The completed development is to be leased to Bunnings Group Limited under a 12 year lease term with four five-year options exercisable by the tenant. Commencing net rent of \$2,710,000 per annum is reviewed to market in year six and at every option. In all other years, annual rent will escalate by the Consumer Price Index. Market rent reviews are subject to ten percent caps and collars, with a ratchet at year six, preventing the rent falling below the passing rent. The commencing rent represents a 6.25 per cent yield on the total purchase price of \$43.4 million.

Settlement of the development site is due in the next few weeks and will be funded under current debt facilities. The acquisition demonstrates the Trust's continuing commitment to acquiring quality properties and follows the acquisition of an established Bunnings Warehouse in Belmont, New South Wales in December 2006 and three office/warehouse industrial properties leased to industrial, engineering and safety products distributor J Blackwood and Son Limited ("Blackwoods") in January this year.

The Hawthorn property will take the Trust's total number of properties to 57, including 50 Bunnings Warehouses, two Bunnings Warehouse distribution centres, two development sites on which Bunnings Warehouses are to be developed and the three Blackwoods properties.

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