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## Extended Lease Tenure

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In May 2009, the Directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust (“the Trust”), disclosed that Bunnings Group Limited (“BGL”), the Trust’s main tenant, had requested additional options to extend its leases at 15 of the Trust’s Bunnings Warehouses and that the proposal was being considered.

The Directors are pleased to report that negotiations are well advanced on a proposed transaction in relation to 35 of the 53 Bunnings Warehouses that BGL leases from the Trust. The proposed transaction will extend the current term that BGL is committed to lease 34 of the properties by an average of 6 years and will extend BGL’s tenure over 35 of the properties by an average of 6.3 years. This would increase the current term or weighted average lease expiry (“WALE”) of the Trust’s entire portfolio of 60 properties by 3.7 years, compared with a reported WALE of 5.9 years at 31 December 2009.\* The proposed transaction is expected to result in a slight increase in the capital value of some of the subject properties as a result of the increased committed term of the 34 leases. For example, based on the fair value of investment properties at 31 December 2009, the anticipated net increase in the fair value of the Trust’s portfolio resulting from the Extended Lease Tenure would be approximately \$13.9 million.\*

The proposal to extend existing leases is a portfolio management initiative, consistent with the Trust’s aim of providing unitholders with a secure, growing income stream and long term capital growth. While extending the leases will not improve the Trust’s earnings in the short term, it will secure a further six years’ committed rental income from the 34 properties. There is no consideration exchanged between the parties for extending the leases, other than the benefits that the Trust receives from the increase in committed term and the benefits that BGL receives by securing additional tenure at each property.

External advice is being obtained to ensure that the proposed transaction is in the best interests of the Trust’s unitholders. The Bunnings Property Management Limited Board is scheduled to meet to consider the final form of the transaction on 31 March 2010. A more detailed announcement with a description of the transaction will be released following that meeting.

As the transaction being considered is of a substantial nature and is between related parties, it will require unitholder approval in accordance with ASX Listing Rule 10.1. The notice for that meeting will be accompanied by an Independent Expert’s Report and an Independent Valuer’s Report. The date tentatively reserved for a meeting of unitholders is 13 May 2010. Further detail in relation to this meeting will be provided in the announcement proposed for 31 March 2010 and in the formal Notice of Meeting that will be issued to all unitholders soon after that date.

For further information please contact:

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\* Based on the most recently reported rentals and/or capitalisation rates at 31 December 2009