



Half-year results 2012

February 2012



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Presentation outline

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

Overview

- > Outperformed the broader market for the 12 months to 31 December 2011
- > Increased revenue and distributable profit growth over comparable period resulting in 7.3% increase in DPU compared to previous corresponding period
- > Acquisition and development pipeline to generate further income growth
- > Like-for-like rental growth of 3.3% for 12 months to 31 December 2011, with 5 Bunnings Warehouse market rent reviews yet to be completed for 2011/12
- > Portfolio cap rates softened by 16 basis points to 7.81% at 31 December 2011
- > 8.2 years weighted average lease expiry at 31 December 2011
- > 100% occupancy
- > Refinanced bank facilities to provide improved security of funding and liquidity to support continued growth

Overview – market performance

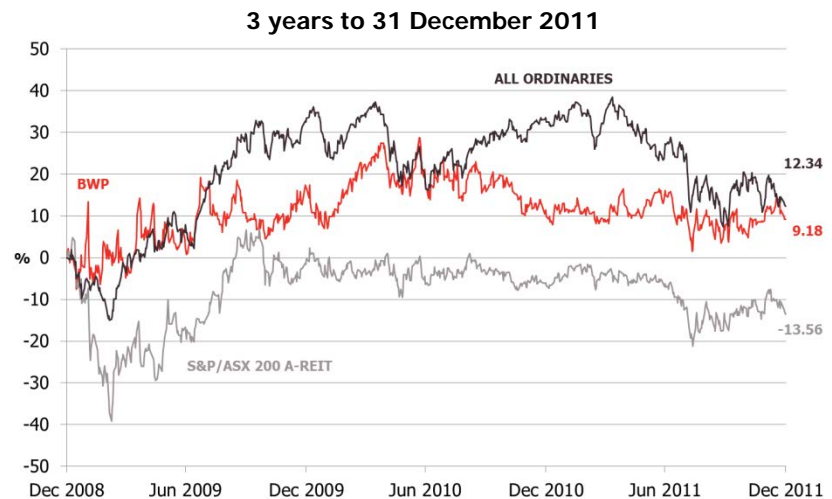
BWP unit price outperforms the broader market for the year

...and outperforms the property index longer term

Source: Reuters, rebased to 100 for periods ended 31 December 2011

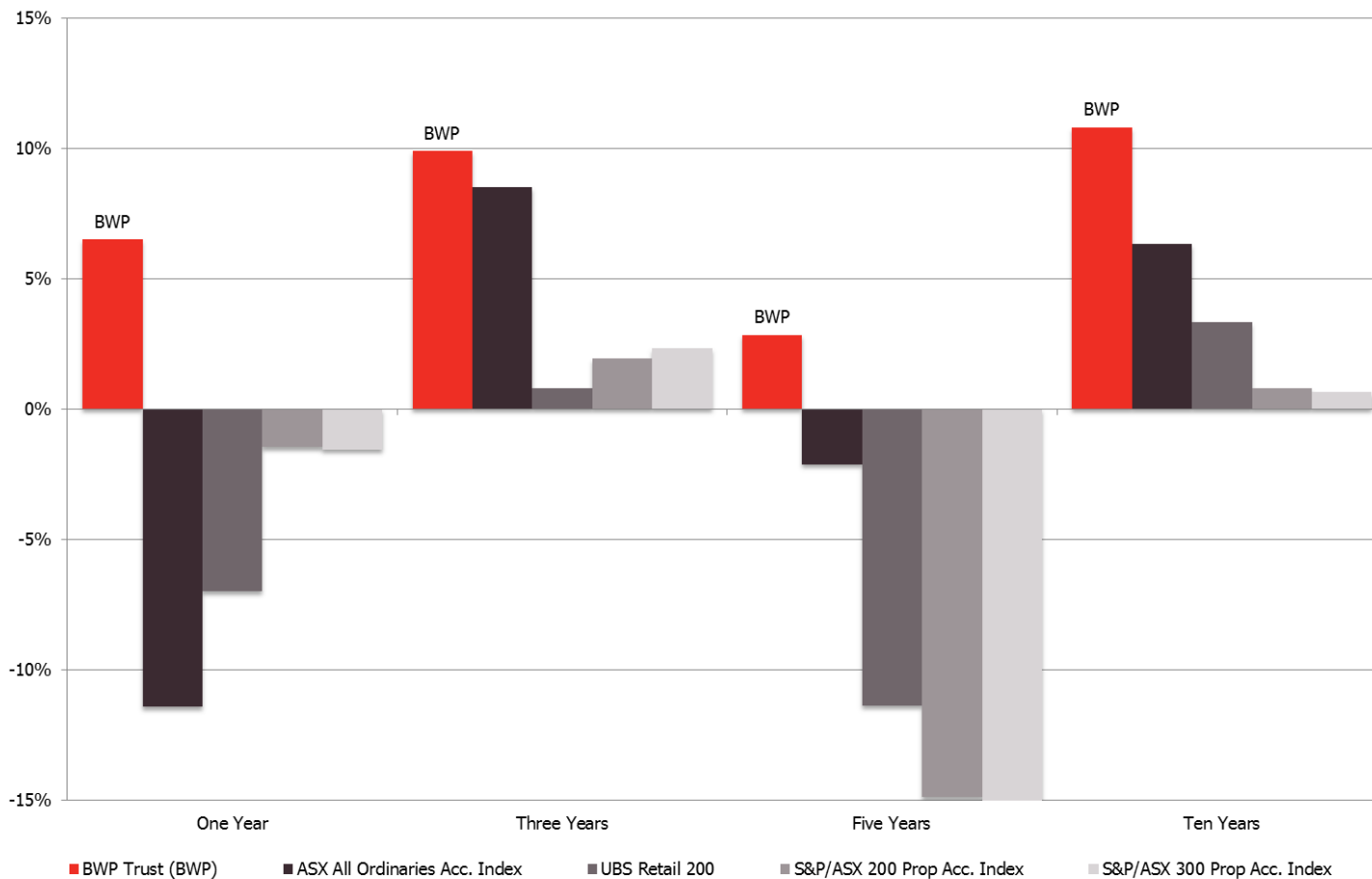


BWP unit price vs S&P/ASX 200 A-REIT index & All Ordinaries index



Results – total returns

> BWP total returns compared to market – periods ended 31 December 2011



Total returns include distributions and movement in price (assumes distributions are reinvested). Source: UBS

Results – performance vs pcp¹

	6 months to Dec 11	Previous corresponding period
Revenue	\$49.8 million	 23.4%
Net profit including revaluations	\$32.0 million	\$54.2 million
Distributable profit (excluding revaluations)	\$34.5 million	 30.6%
Half-year distribution	6.63 cpu	 7.3%
Total assets	\$1,272.6 million	 26.4%
Borrowings	\$240.5 million	\$193.6 million
Net tangible assets	\$1.87 per unit	 \$0.09
Weighted average cap rate	7.81%	7.62%
Gearing (debt to total assets)	18.9%	18.0%
Covenant gearing (debt + n.c.l. to total assets)	19.8%	18.0%

¹ pcp = previous corresponding period, being the 6 months ended 31 December 2010 or as at 31 December 2010 as relevant

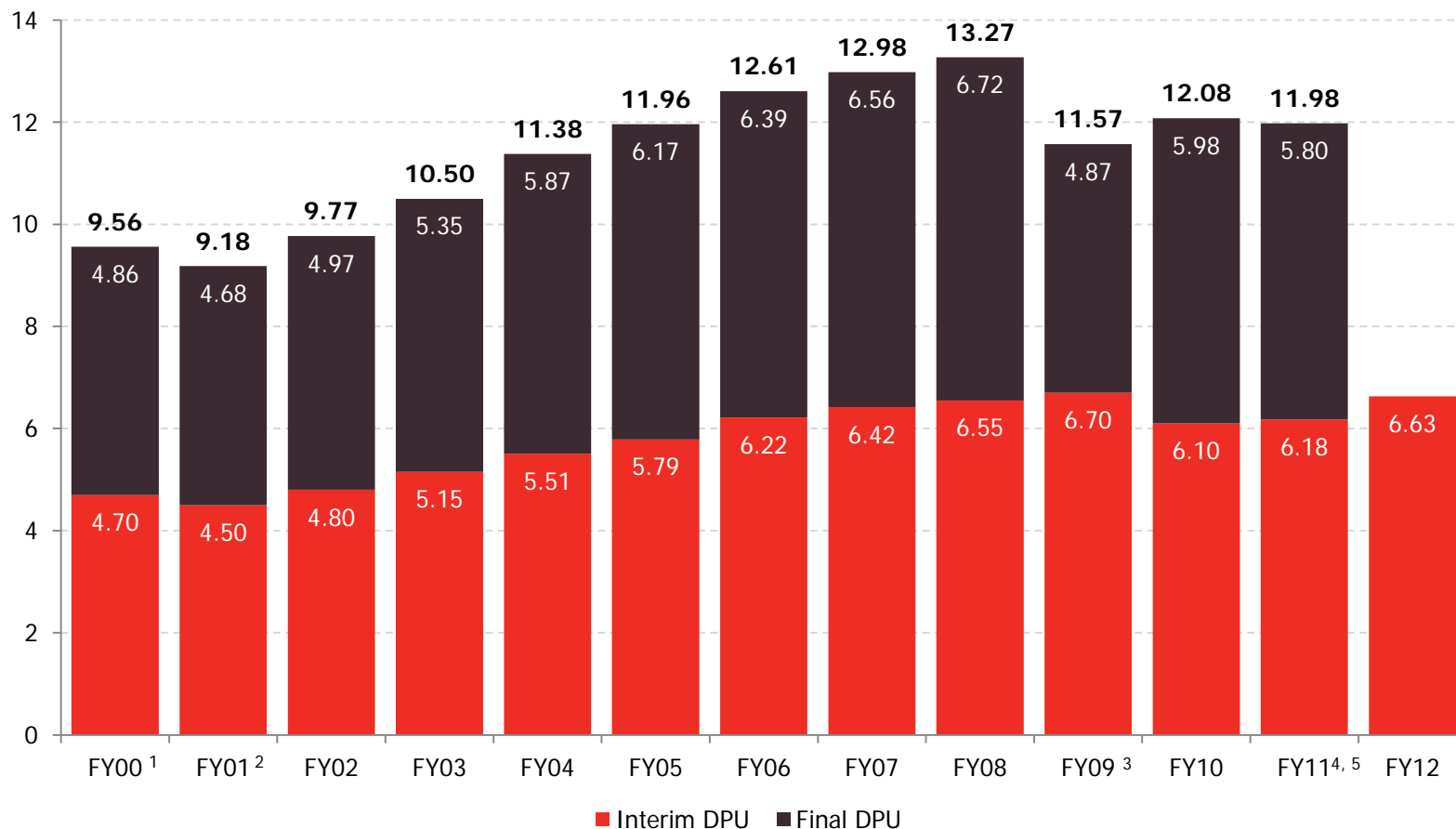
Results – performance: 6 monthly

	6 months to Dec 11	6 months to Jun 11	6 months to Dec 10
Revenue	\$49.8m	\$44.9m	\$40.4m
Net profit including revaluations	\$32.0m	\$27.3m	\$54.2m
Unrealised loss/(gain) in fair value of investment properties	\$2.6m	\$2.9m	(\$28.2m)
Distributable profit	\$34.5m ¹	\$30.2m	\$26.4m ²
Half-year distribution (cents per unit)	6.63	5.80	6.18
Total assets	\$1,272.6m	\$1,242.1m	\$1,077.0m
Borrowings	\$240.5m	\$210.8m	\$193.6m
Net tangible assets (per unit)	\$1.87	\$1.90	\$1.96
Weighted average cap rate	7.81%	7.65%	7.62%
Gearing (debt to total assets)	18.9%	17.1%	18.0%

¹ Adjusted for rounding

² Includes \$0.4 million capital profit on sale of Canning Vale

Results – distributions



¹ BWP commenced trading in Sep 98

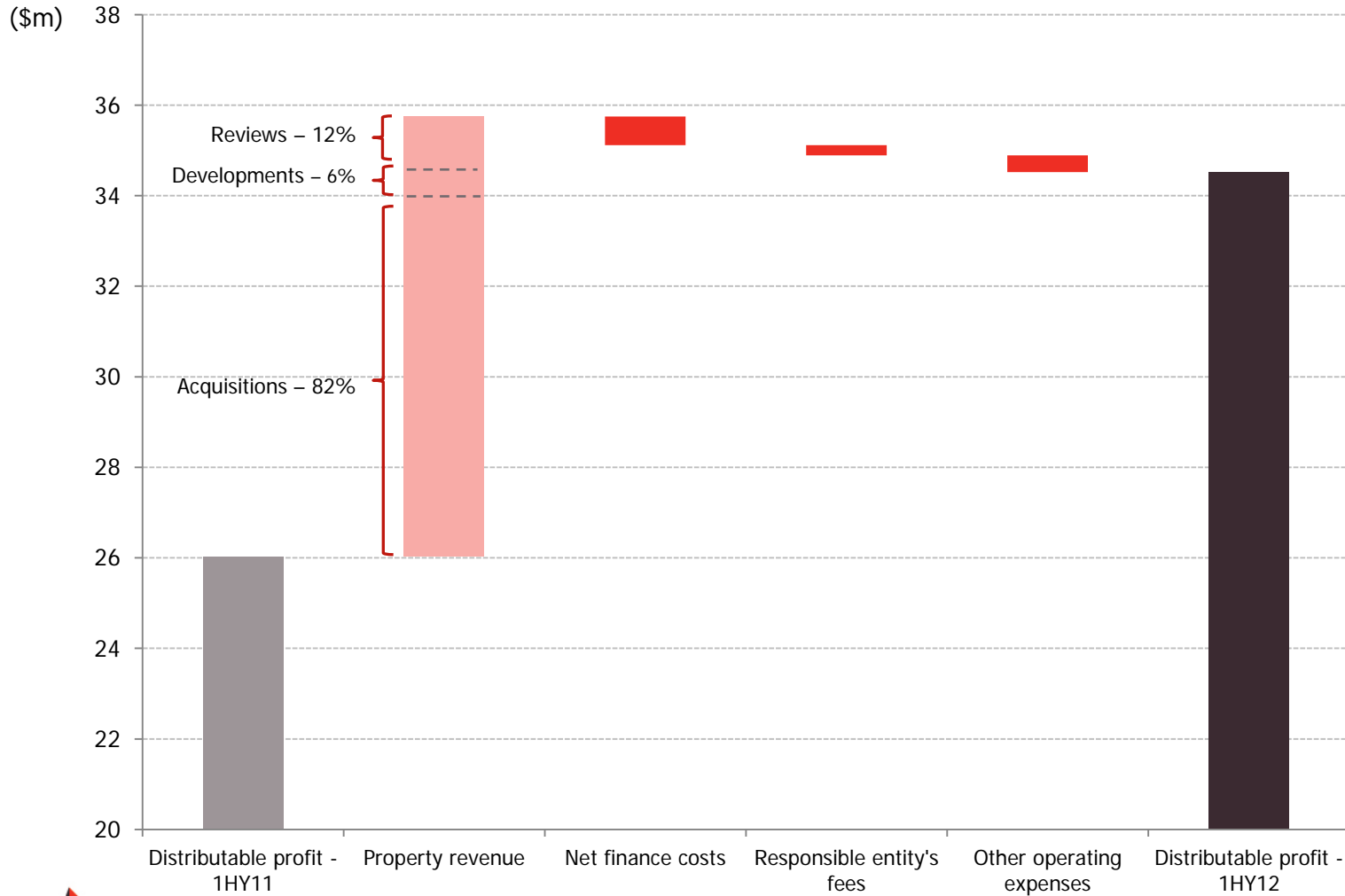
² end of concessional management fee

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

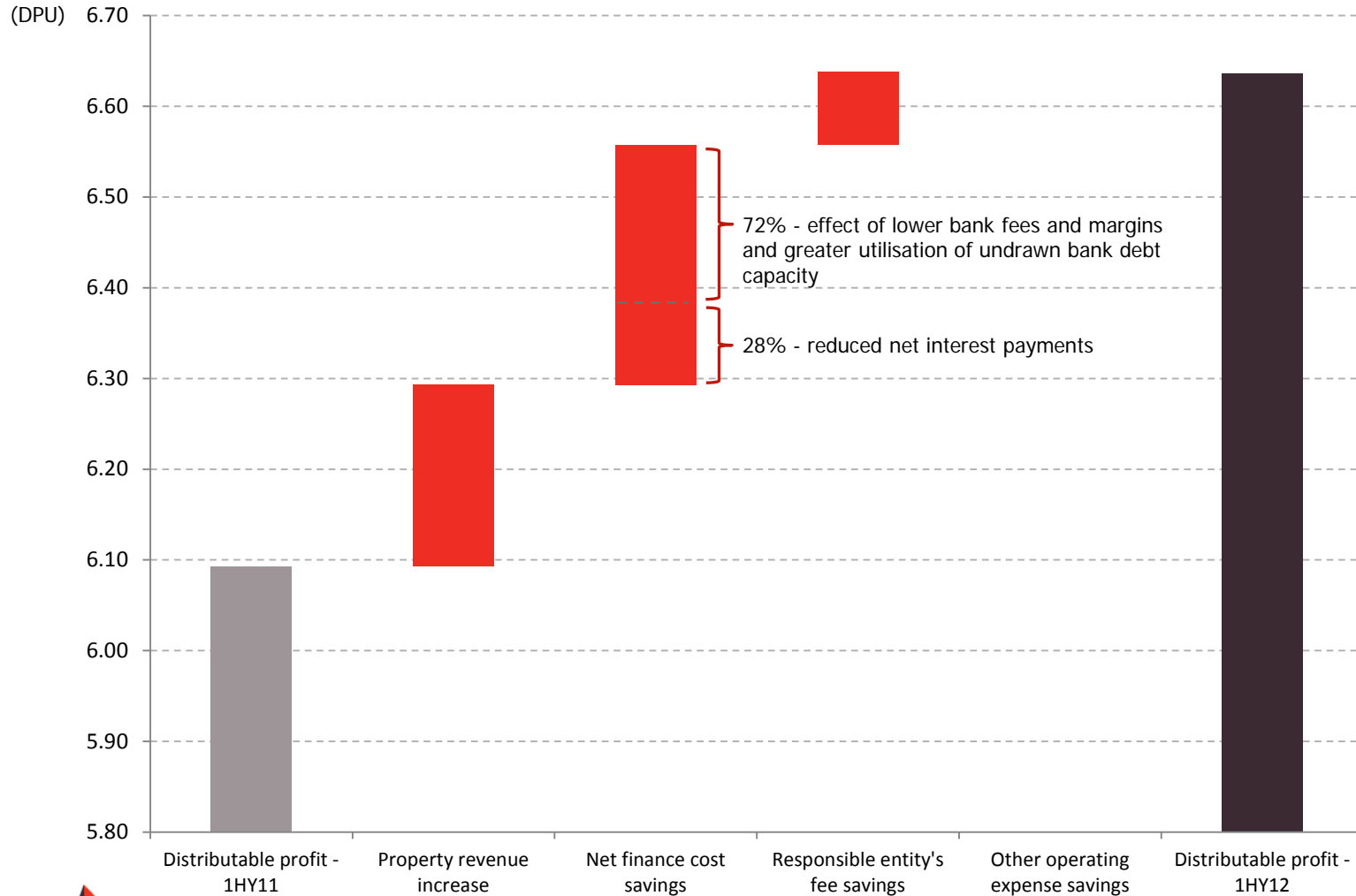
⁴ includes \$0.4m (0.09cpu) capital profit on sale of Canning Vale

⁵ final distribution FY11 – impacted by additional units issued from \$150 million capital raising

Results – distribution variance to pcp¹



Results – DPU¹ variance to pcp²



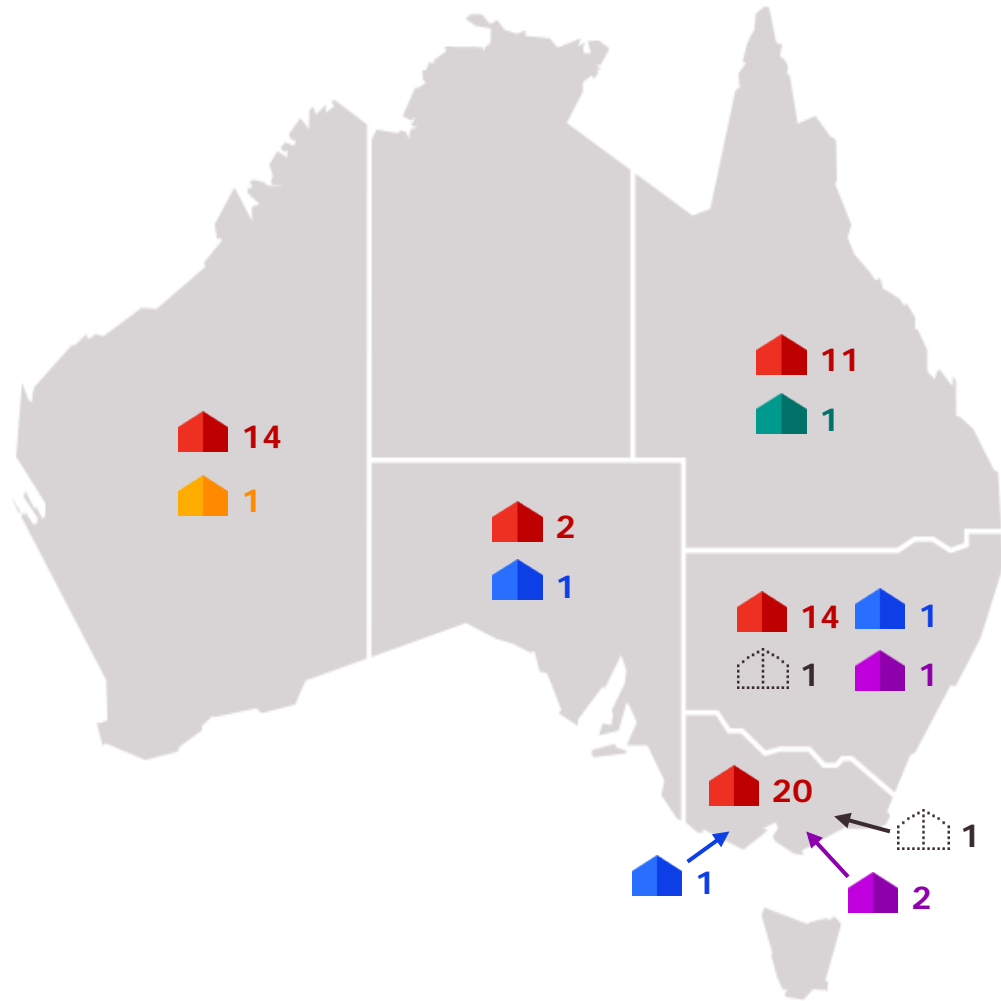
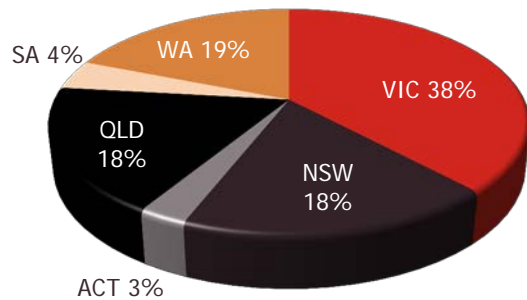
1 DPU = distributions per unit

2 pcp = previous corresponding period, being the 6 months ended 31 December 2010

Portfolio - geographic spread

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

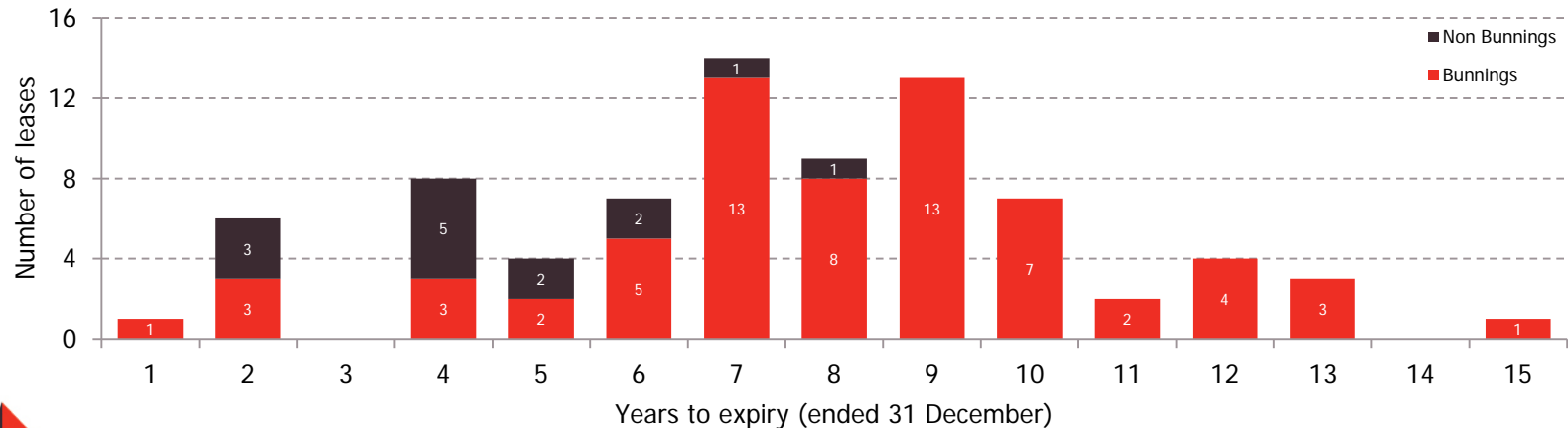
BWP rental income
(as at 31 Dec 2011)



Portfolio - leases

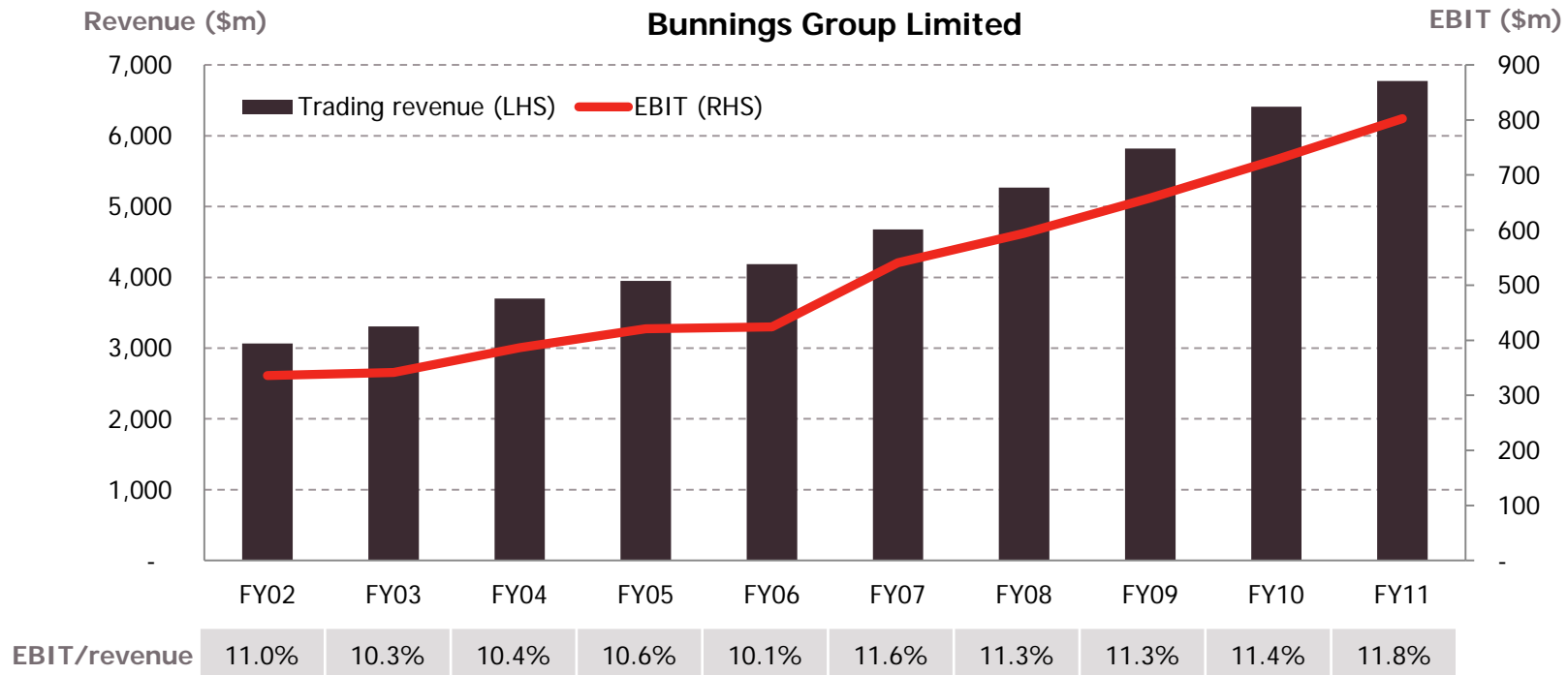
- > Bunnings rental income represents 96% of the portfolio rental income at 31 December 2011
- > Typical Bunnings Warehouse lease in BWP portfolio features:
 - Minimum 10 year initial term (plus 5 year tenant options)
 - 5 yearly market rent reviews (majority uncapped)
 - annual CPI or 3% escalation
 - Wesfarmers covenant (A- (stable) credit rating)
- > 100% occupancy
- > 8.2 year weighted average lease expiry (by rental income)

Lease expiry profile



Portfolio – major tenant

- > Majority of BWP income underpinned by the highly successful Bunnings business
- > 4.6% store-on-store sales growth for 6 months to 31 December 2011 (vs. p.c.p)



- > Trading revenue excludes property rental income and non-trade items
- > EBIT is earnings before interest and taxes

Portfolio - pipeline

> Capital committed to acquisitions & developments

	Property	Date	\$m	
Acquisitions	Craigieburn	May 12	18.42	
	Wallsend (land)	May 12	2.83	
	Domain Central (50%)	Jun 12	59.56	80.81
Developments	Greenacre	Apr 12	16.75	
	Fyshwick	Apr 13	15.00	
	Rocklea	Feb 13	3.83	
	Scoresby	Mar 12	6.26	
	Wallsend	Mar 13	18.79	60.63
Total				141.44

Not including acquisition costs

Portfolio – asset management

- > Increasing scale and maturity of portfolio requires more active asset management to ensure quality and growth is maintained
- > Tenant-driven upgrades of existing Bunnings Warehouses likely
- > Currently assessing opportunities for divesting or redeploying some properties:
 - Divestment of assets
 - achieved optimal value
 - crystallise capital growth for unitholders
 - refining quality of the portfolio
 - improving geographic diversification
 - recycle capital for further income and capital growth
 - Redeploying assets where Bunnings has indicated an intention to relocate
 - re-lease for bulky goods or alternate use depending on the site

Portfolio – rent reviews

- > 35 leases subject to annual fixed or CPI reviews: w/average +3.5%
- > Finalised 3 market rent reviews during half-year

Property location	Passing rent (\$'000)	Reviewed rent ¹ (\$'000)	Uplift (\$'000)	Uplift (%)	Effective date
Coffs Harbour, NSW	820	828	8	+0.9	26 November 11
Frankston, VIC	1,889	1,889	-	-	20 December 11
Blackburn, VIC ²	800	843	43	+5.3	1 April 12
Weighted average				+1.4	

¹ Negotiated outcome between the Trust and the tenant

² Multi-tenanted industrial property. Note that the revised rent commences in April 2012

- > 5 Bunnings Warehouse market rent reviews remain unresolved in FY12: Croydon, Midland, Mindarie, Geraldton and Oakleigh South
- > 3.3% like-for-like rental growth for 12 months to 31 December 2011

Portfolio - revaluations

- > December 2011 weighted average capitalisation rate 7.81%
 - June 2011: 7.65% and December 2010: 7.62%
 - net fair value loss of \$2.6m
 - refer to Appendix A for valuation process and December 2011 valuation summary by State/Territory
- > 15 independent valuations in December 2011 (21% of BWP portfolio)
 - average cap rate 7.69% (excluding Sandown and Coffs Harbour due to Bunnings' intention to vacate) reflects an increase of 18bps on June 2011
- > 56 internal valuations in December 2011
 - average cap rate 7.79% reflects an increase of 13bps on June 2011

Portfolio – rent reviews and revaluations

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

	FY12	FY13	FY14	FY15	FY16
BWH rent reviews	7	7	19	12	6
% of total ¹	11%	11%	31%	19%	10%
Portfolio revaluations	24	15	25	24	15
% of total ²	36%	22%	36%	36%	22%

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

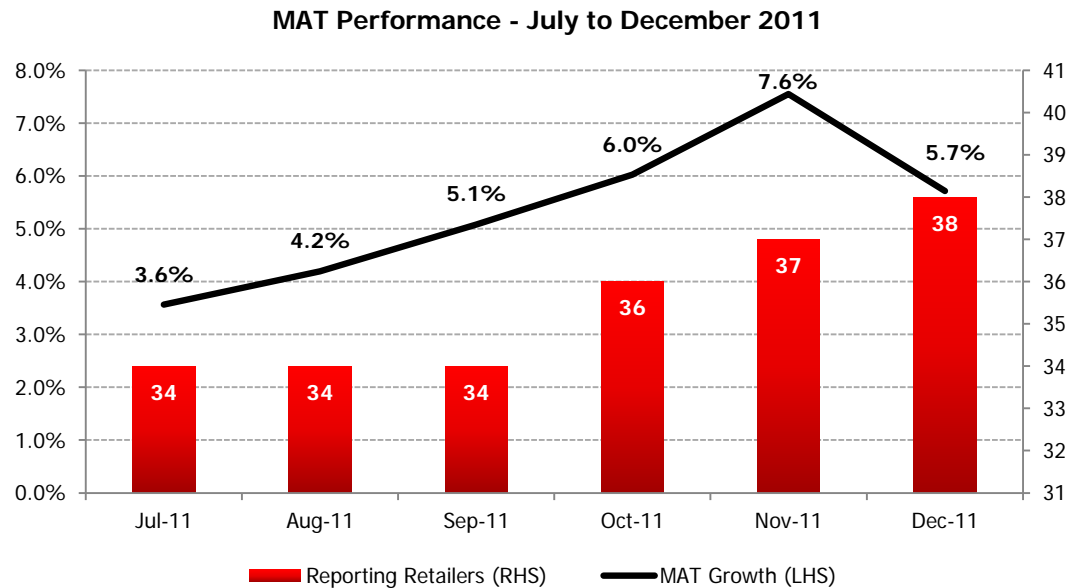
¹ percentages based on number of Bunnings Warehouses as at 31 December 2011

² percentages based on fair value as at 31 December 2011

Portfolio - Domain Central update

- > Acquisition of 50% interest subject to conditions precedent relating to refinancing by the vendor (outcome likely to be determined by March 2012)
- > Property continues to perform well
 - No rental arrears at 31 December 2011
 - MAT¹ of +5.7% (like-for-like) as at 31 December 2011
 - No vacancies

¹ Moving Annual Turnover of those retailers that have been at the centre for at least 2 years and are required to report sales figures (38 retailers)



Capital management

- > Financial strength supported by:
 - low gearing – 18.9% at 31 December 2011 (19.8% covenant gearing)
 - strong lease covenant in Bunnings/Wesfarmers
 - solid rental base with growth from CPI and programmed rent reviews
 - low level of maintenance/stay in business capex
- > Extended and expanded bank facilities to provide additional funding security and liquidity
- > Maintaining 100% pay-out ratio of distributable profit
- > Distribution Reinvestment Plan active (23.3% take-up for interim distribution)

Capital management – debt facilities

- > Interest cover: 4.6x at 31 December 2011 (2010: 3.8x)
- > Net borrowing costs¹ for the half-year \$9.8m (up 7% on December 2010):
 - average borrowings \$236.9m (2010: \$194.3m)
 - 8.2% cost of net borrowings after hedging (December 2010: 9.4%)

¹ Net borrowing costs = Finance costs less finance income

- > 4.34 years average duration following refinancing finalised in January 2012

As at 31 January 2012	Limit (\$m)	Drawn (\$m)	Expiry
WBC	180	72	22 December 2016
ANZ	150	65	23 January 2017
CBA	100	100	14 January 2014
Total/Average	430	237	4.34 years

- > Outlook: full-year average cost of net borrowings consistent with forecast of 8.3% provided in February 2011

Capital management – interest rate hedging

- > \$170.0m hedged (71%) at 5.46% weighted average¹
- > 3.59 years weighted average maturity, including delayed starts (2010: 3.37 years)

Hedge book profile by half-year ending:	Dec 11	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14	Dec 14
Active swaps (\$ m)	170	190	185	185	185	185	185
Swap rates (%)							
Maximum	7.35	5.82	5.77	5.77	5.77	5.77	5.77
Minimum	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Weighted average¹	5.46	5.50	5.49	5.46	5.49	5.48	5.47

¹ weighted average at balance date of active swaps to maturity

Outlook

- > Rental income strengthened as a result of the acquisitions of Bunnings Warehouse properties, upgrades of existing properties and rent reviews during 2011
- > Finalisation of a further 2 Bunnings Warehouses, potential acquisition of 50% of Domain Central Homemaker Centre and committed upgrades and developments of Bunnings Warehouses will further bolster earnings in 2012
- > Further tenant-driven upgrades will be considered to improve earnings, value and portfolio quality
- > Softer commercial property market and Bunnings' continued store network expansion may provide acquisition opportunities – selectively: focussed on appropriately priced quality assets
- > More active asset management as the portfolio grows and matures, including assessing opportunities to divest/redeploy properties
- > Recent refinancing provides security of debt funding and additional headroom for committed and potential capex. Continuing to position for accessing debt capital markets to further improve the efficiency, diversity and duration of financing when optimal
- > Entry of Masters into hardware and home improvement market will be monitored (refer to next page)

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

Visit: www.bwptrust.com.au

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Appendix A: 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 31 December 2011 by State/Territory

	No. of properties	Rental \$m/annum	Cap rate	Value \$m
VIC	23	36.7	7.73%	477.0
NSW/ACT	16	19.7	8.03%	251.6
QLD	12	17.9	7.93%	202.0
WA	15	18.7	7.68%	249.1
SA	3	3.9	7.68%	48.8
Total	69	96.9	7.81%	1,228.5

Excluding two development sites at Maribyrnong (\$7.6m) and Greenacre (\$14.1m) and subject to rounding

Appendix B: 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