



BUNNINGS WAREHOUSE PROPERTY TRUST

Half-year results 2009/10

February 2010

Presentation outline

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Bunnings Property Management Limited

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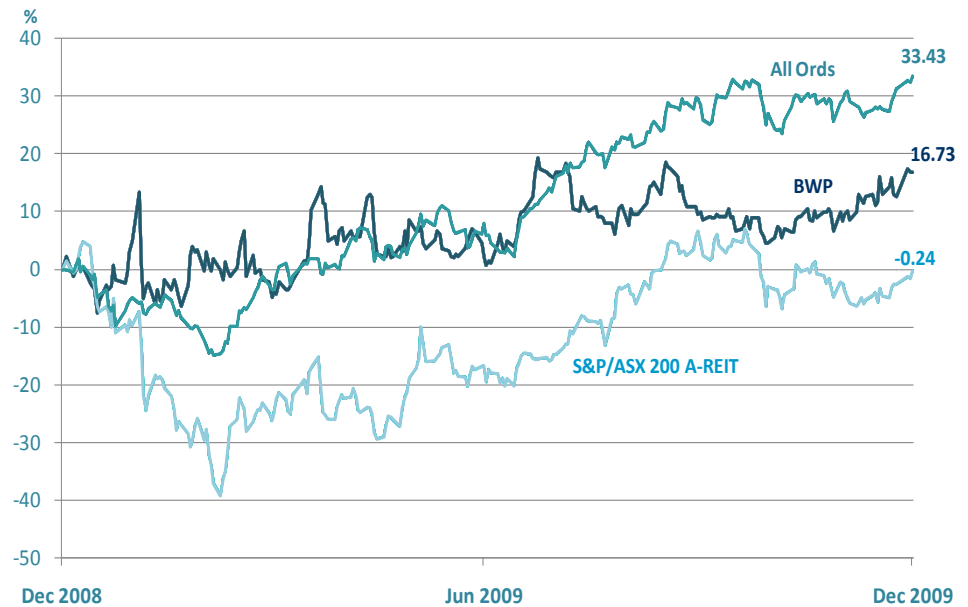
Bunnings Property Management Limited

- Overview
- Results
- Portfolio
- Capital management
- Outlook
- Structure

Overview

- **BWP in good shape and looking for opportunities**
 - BWP outperformed the benchmark S&P/ASX 200 A-REIT index for unit price and total returns for 12 months ended 31 Dec 09 (see charts - right and next page)
 - Solid revenue and distributable profit growth over comparable period
 - Distributions per unit down due to additional units issued in May 09 capital raising
 - Portfolio values stabilise, with \$15.9m revaluation gain for the half-year

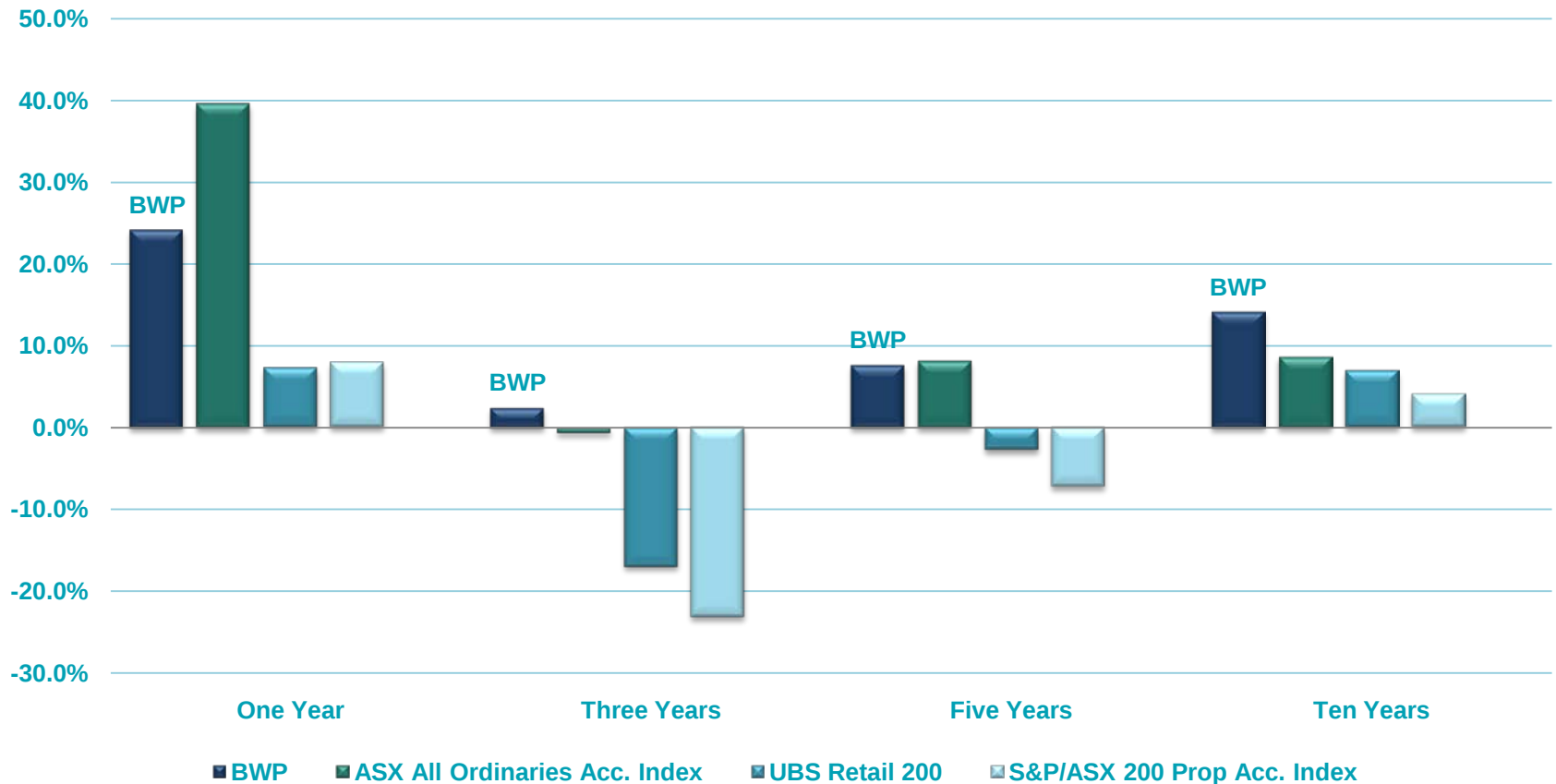
BWP unit price vs S&P/ASX 200 A-REIT index & All Ordinaries index



Source: Reuters, rebased to 100
¹ performance for the twelve months ended 31 Dec 2009






Results – total returns

BWP total returns compared to market – periods ended 31 December 2009



Source: UBS Australia

Results – performance vs PCP

	<u>Half-year 2010</u>		<u>Previous corresponding period</u>
Revenue	\$39.0 million		11.0%
Net profit/(loss) including revaluations	\$41.1 million		(\$23.4) million
Distributable profit (excluding revaluations)	\$25.3 million		23.4%
Half-year distribution	6.10 cpu		9.0%
Total assets	\$986.7 million		1.9%
Borrowings	\$189.8 million		\$344.2 million
Net tangible assets	\$1.83 per unit		\$0.05 per unit
Weighted average cap rate	7.78%		7.57%
Gearing (debt to total assets)	19.2%		35.5%
Covenant gearing (debt + n.c.l to total assets)	19.5%		37.3%

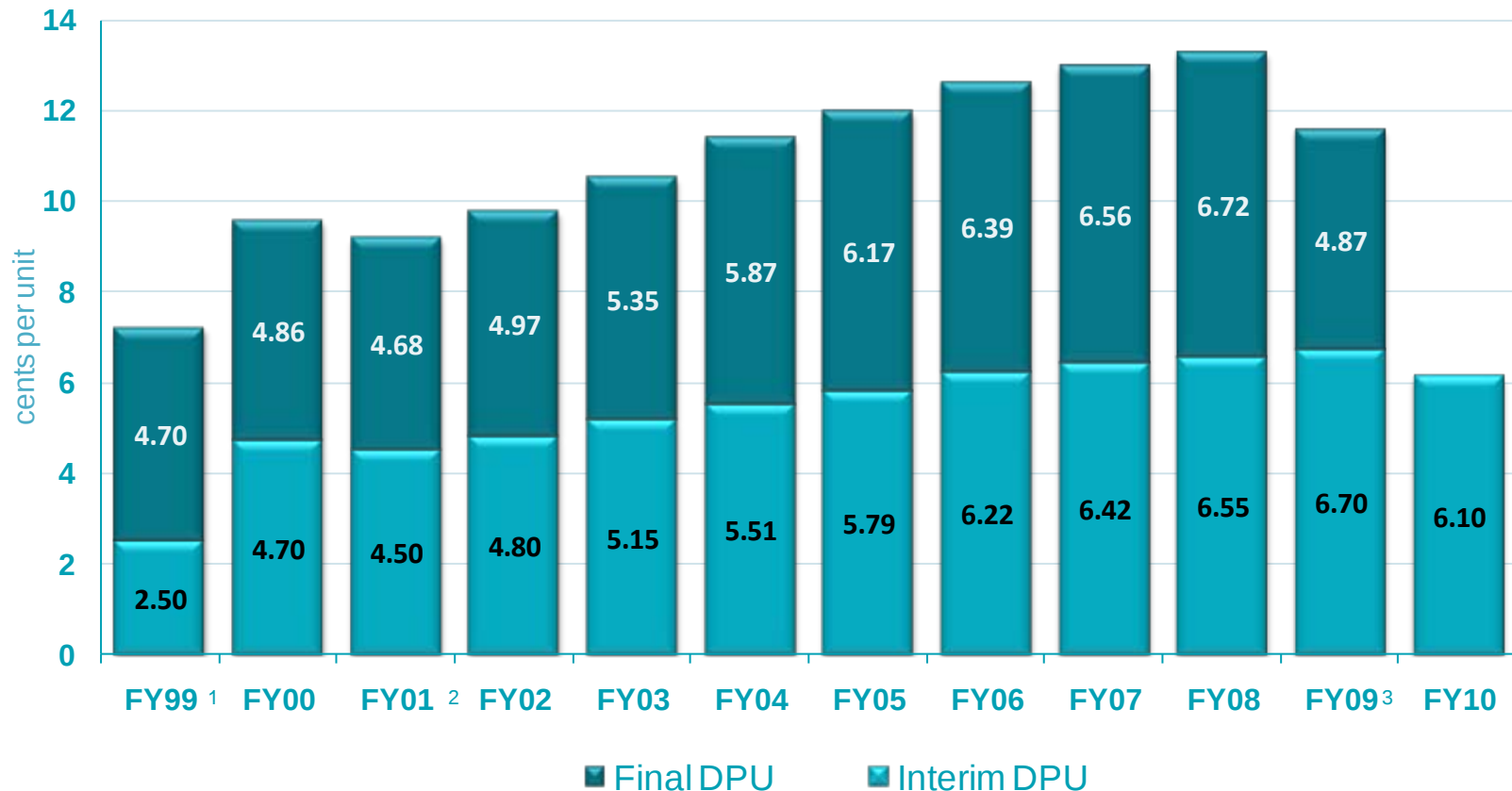
Results – performance: 6 monthly

	6 months to Dec 09	6 months to Jun 09	6 months to Dec 08
Revenue	\$39.0m	\$38.1m	\$35.1m
Net profit/(loss) including revaluations	\$41.1m	\$11.7m	(\$23.4m)
Unrealised (gain)/loss in fair value of investment properties	(\$15.9m)	\$8.3m	\$43.9m
Distributable profit	\$25.3m ¹	\$20.0m ²	\$20.5m ¹
Half-year distribution (cents per unit)	6.10	4.87	6.70
Total assets	\$986.7m	\$999.9m	\$968.3m
Borrowings	\$189.8m	\$225.9m	\$344.2m
Net tangible assets (per unit)	\$1.83	\$1.79	\$1.88
Weighted average cap rate	7.78%	7.81%	7.57%
Gearing (debt to total assets)	19.2%	22.6%	35.5%

¹ Adjusted for rounding

² Includes \$3.3 million in swap close-out costs

Results - distributions



¹ BWP commenced trading in Sep 98

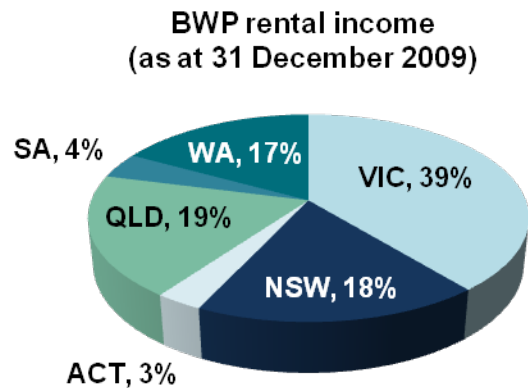
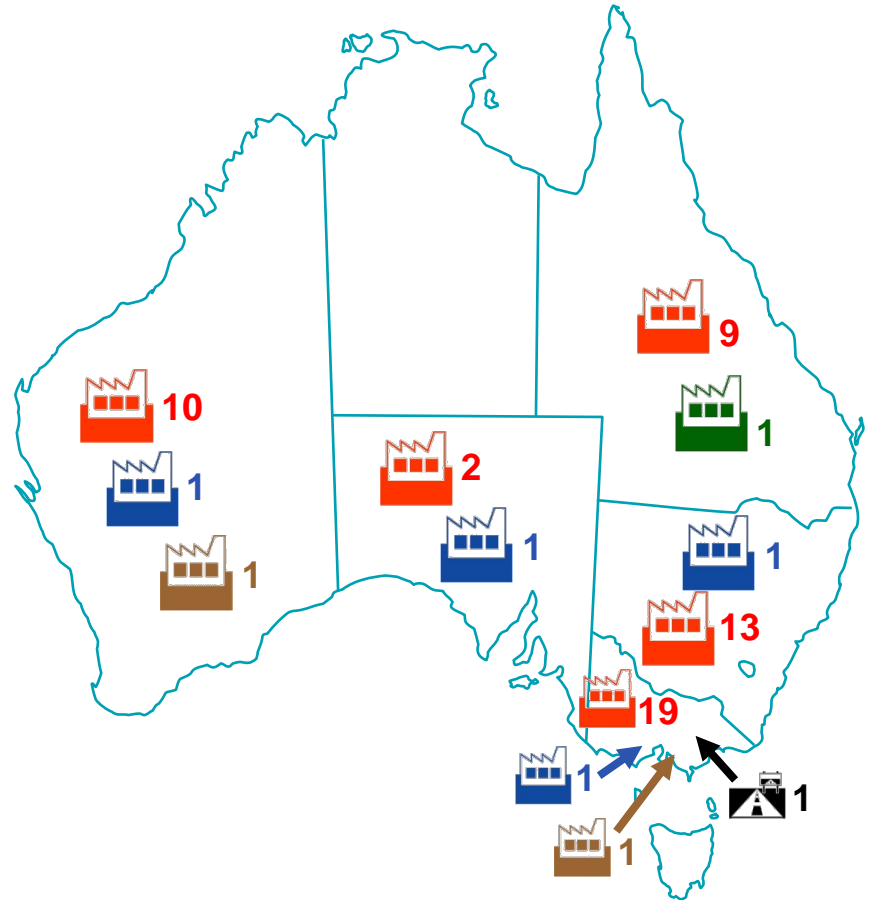
² end of concessional management fee

³ Final distribution 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

Portfolio – geographic spread

-  **53 Bunnings Warehouses**
-  **1 Bunnings distribution centre**
-  **1 Bunnings Warehouse development site**
-  **4 Industrial properties**
-  **2 Bulky goods showrooms***

* showrooms at Bayswater are on the same site as the Bayswater BWH



Portfolio - WALE

5.9 year weighted average lease expiry (by rental income)

Typical Bunnings Warehouse Property Trust lease features:

- 15 years (plus 2 x 5 year options)
- annual CPI escalation
- 5 yearly market rent reviews (majority uncapped)
- Wesfarmers covenant (BBB+ credit rating)



Portfolio - revaluations

- **Stabilisation of cap rates**
 - Consistent sales evidence (refer Appendix A for details):
 - » 2HFY09 – 9 sales average 7.76% yield
 - » 1HFY10 – 1 sale 7.50% yield
 - 18% of BWP portfolio independently valued
 - Independent valuations = 4bps cap rate compression on 30 June 2009
 - 1.7% increase in fair value of portfolio (primarily due to rental growth)
- **December 09 weighted average capitalisation rate 7.78%**
 - June 09: 7.81% and Dec 08: 7.57%
 - Refer to Appendix B for valuation process and Dec 09 valuation summary by State/Territory

Portfolio - rent reviews

Rent review type FY10

	First half	Second half	FY10
CPI	34	14	48
Fixed	3	5	8
Market	5	5	10
Total	42	24	66

10 market rent reviews in FY10

First Half ¹	Second Half
Thornleigh, NSW	Fountain Gate, VIC
Maitland, NSW (+6.6%)	Nunawading, VIC
Bibra Lake, WA	Hoppers Crossing, VIC
Albany, WA	Mile End, SA
Mornington, VIC	Morayfield, QLD
7% of portfolio²	9% of portfolio²

1 Maitland market rent review completed (+6.6%) – balance yet to be finalised

2 percentage based on rental as at 31 Dec 2009

Portfolio – future revals and reviews

Future Bunnings Warehouse revaluations and market rent reviews

	FY10	FY11	FY12	FY13	FY14
Rent reviews	10	4	7	7	22
% of total	19%	8%	13%	13%	42%
Revaluations	19	17	24	19	17
% of total	36%	32%	45%	36%	32%

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

Capital management

- Balance sheet strength supported by:
 - low gearing - 19.2% at 31 Dec 09 (19.5% 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”) remains on
 - DRP for half-year issued at \$1.7424 per unit (2.5% discount to 10 day VWAP)
 - 44.8% take up including 100% take up by Wesfarmers
- \$100 million bank bill facility extended to July 2013 during half-year

Capital management - debt facilities

As at 31 December 09	Limit (\$m)	Drawn (\$m) ¹	Expiry
ANZ	100	25.5	31 Jul 2013
NAB	100	100.0	Evergreen ²
CBA	100	32.5	14 Jan 2012
WBC	80	32.2	2 Jul 2012
	380	190.2	

¹ amount drawn includes accrued interest of \$0.4 million as at 31 December 2009

² facility is extended annually in March each year provided there has been no event of default or potential event of default with any change to pricing to apply from 1 April the following year

Average duration: 2.6 years at 31 January 2010 (excl. NAB evergreen)

Interest cover: 3.8x (2008: 2.9x) at 31 December 2009

Capital management – interest rates

- Borrowing costs for half-year (incl. fees and margins):
 - \$9.3m - down 12.4% on Dec 08 on lower borrowings
 - 6.35% of borrowing before hedging (Dec 08: 7.51%)
 - 9.22% of borrowings after hedging (Dec 08: 6.76%)
- Effective rate impacted by:
 - fully hedged position (fixed rate of approx 6.3%)
 - substantially higher bank margins and fees
 - undrawn capacity magnifies fixed costs (e.g. 120 bps nominal line fee becomes 240 bps effective 50% drawn facility).
- Potential to reduce effective rate by reducing undrawn capacity through acquisitions or by reducing limits

Capital management – interest rates

Interest rate hedging:

- \$187.0m hedged (98%)
- 3.03 years weighted average maturity, incl. delayed starts (2008: 3.15 years)

Hedge book profile by half-year ending:	Dec 09	Jun 10	Dec 10	Jun 11	Dec 11	Jun 12	Dec 12
Active swaps (\$ millions)	187	192	192	180	170	145	140
Swap rates (%)							
Maximum	7.85	7.85	7.85	7.72	7.35	5.82	5.77
Minimum	5.18	5.61	5.61	5.61	5.15	5.15	5.15
Weighted average	6.33	5.94	5.86	5.77	5.46	5.44	5.42

Outlook

- Growth capacity with debt funding secured for the medium term and \$189.8m undrawn capacity
- Focus on acquiring quality Bunnings Warehouses or other assets that provide similar characteristics
- Drive growth from existing properties through upgrades and rent reviews
- Capital management centred around improving debt costs

Structure

Manager: Bunnings Property Management Limited

Subsidiary of Wesfarmers Limited *but*...majority external directors

- **John Austin** (Chairman); Leighton Properties (Chairman), MREEF, Ringmer Pacific, ex Jones Lang LaSalle
- **Peter Mansell**; ThinkSmart, OZ Minerals
- **Peter Johnston**; Kresta
- **Rick Higgins**; ex Colliers
- **Bryce Denison**; ex Wesfarmers (commenced 7 October 2009)

Major Tenant: Bunnings Group Limited

- subsidiary of Wesfarmers Limited

Register

- Wesfarmers 23%
- “institutions” approximately 29%
- retail, other approximately 48%



Further information

Visit: www.bwptrust.com.au

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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: Sales evidence

Sales pre 30 June 2009

Bunnings Warehouse		Sale price \$m	Yield %	Date
Rothwell	QLD	16.70	7.93	Mar 09
Nerang	QLD	16.35	7.60	Jun 09
Campbelltown	NSW	21.35	7.66	Jun 09
Nowra	NSW	11.60	7.75	Jun 09
Mill Park	VIC	16.45	7.75	Apr 09
Box Hill	VIC	21.50	8.00	Jun 09
Bendigo	VIC	8.68	7.40	Apr 09
Belconnen	ACT	20.50	7.63	Jun 09
Kalgoorlie	WA	6.10	8.20	Jun 09
Total/weighted average		139.23	7.76	

Sales post 30 June 2009

Keysborough	VIC	19.15	7.50	Oct 09
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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 31 December 2009 by State/Territory

	No. of properties	Rental \$/annum	Cap rate	Value \$m
VIC	21	29.4	7.63%	392.9
NSW/ACT	14	16.3	7.86%	210.3
QLD	10	14.2	7.98%	158.6
WA	12	12.9	7.74%	167.0
SA	3	3.3	7.62%	43.4
Total	60	76.1	7.78%	972.2

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