

BUNNINGS

WAREHOUSE PROPERTY TRUST

Interim Results Presentation



February 2006

www.bunningspropertytrust.com.au

Presentation Outline

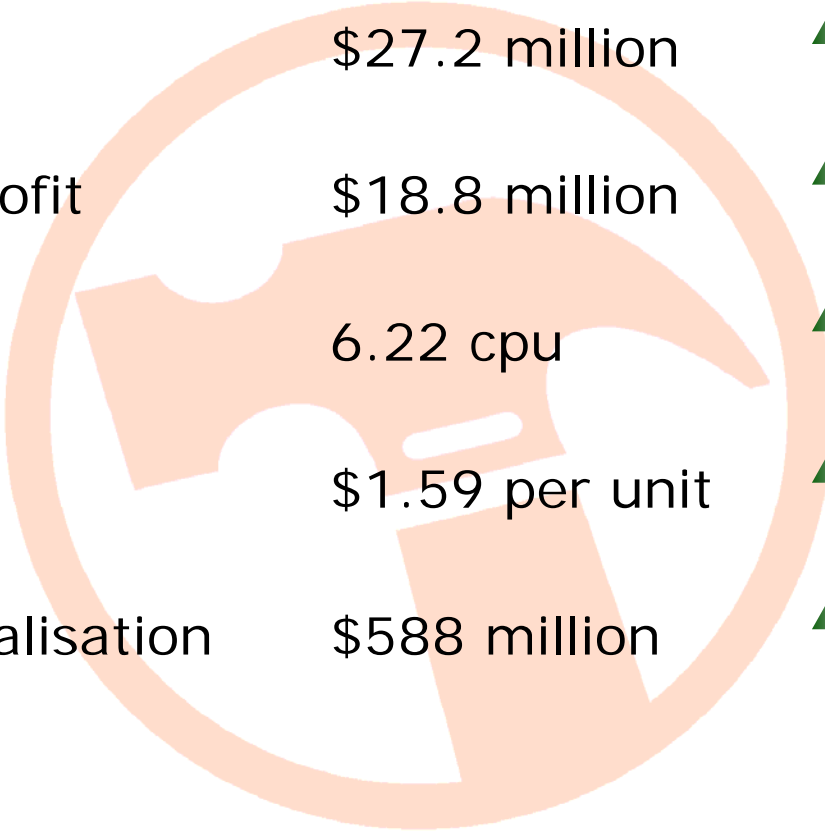
- Structure
 - Key Events/Results
 - Tenant Performance
 - Portfolio
 - Capital Management
 - Financial Performance
 - Outlook
- 

Structure

- Manager: Bunnings Property Management (BPML)
 - subsidiary of WES; *but...*
 - independent board
 - Bill Cairns (Chairman); AVR, ex GPT, FAL, WAN
 - John Austin; MREEF, ex JLL, GRW Property
 - Peter Mansell; WAN, FAL, JDV, ZFX
 - Peter Johnston; ex WES, ex BPML director
- Tenant: Bunnings Group Limited
 - subsidiary of WES
- Register
 - WES 23%
 - “institutions” approximately 24%
 - retail, other approximately 53%



Results – highlights at 31 Dec 2005



➤ Revenue	\$27.2 million	↑ 10.6% on pcp
➤ Operating profit	\$18.8 million	↑ 7.3% on pcp
➤ Distribution	6.22 cpu	↑ 7.4% on pcp
➤ NTA ¹	\$1.59 per unit	↑ \$0.13 on pcp
➤ Market capitalisation	\$588 million	↑ 7.3% on pcp

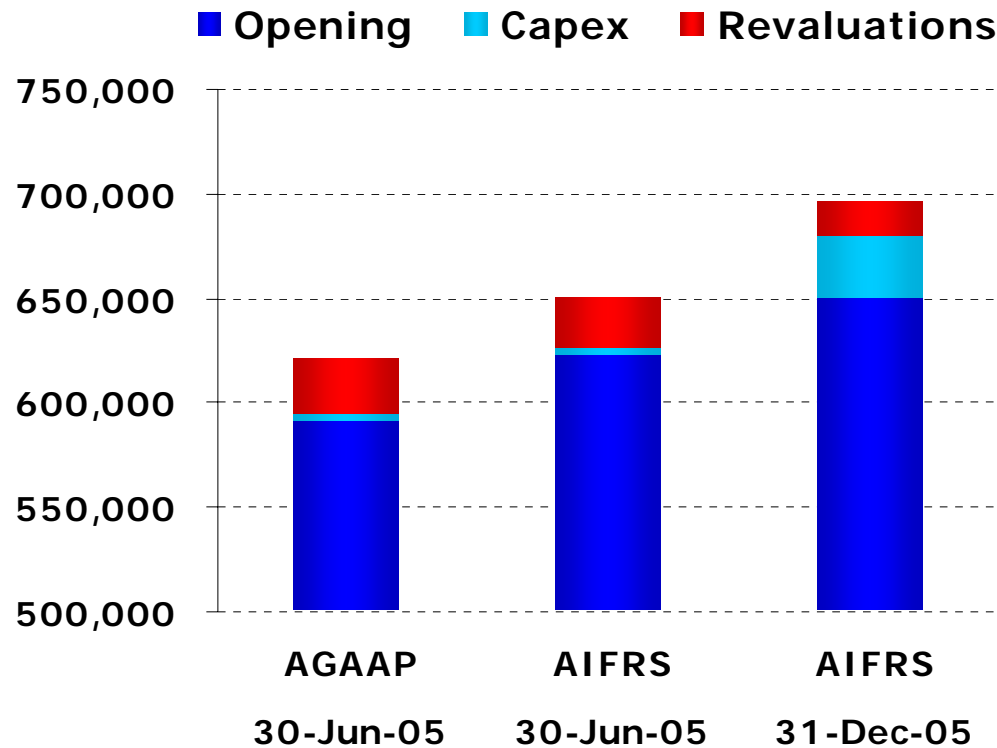
¹includes IFRS adjustment to previously disclosed NTA

Events - highlights

- Acquisition, development & upgrades (\$30.2m)
 - purchase of Morley ex BBC HWH
 - Vermont South development completed
 - Bayswater showrooms completed
 - upgrade at Northland completed
- Unitholders' meeting
 - constitutional changes: provide for AIFRS changes
- AIFRS
 - updated portfolio revaluation policy
- Market rent review completed for Rockingham; 17.2% uplift

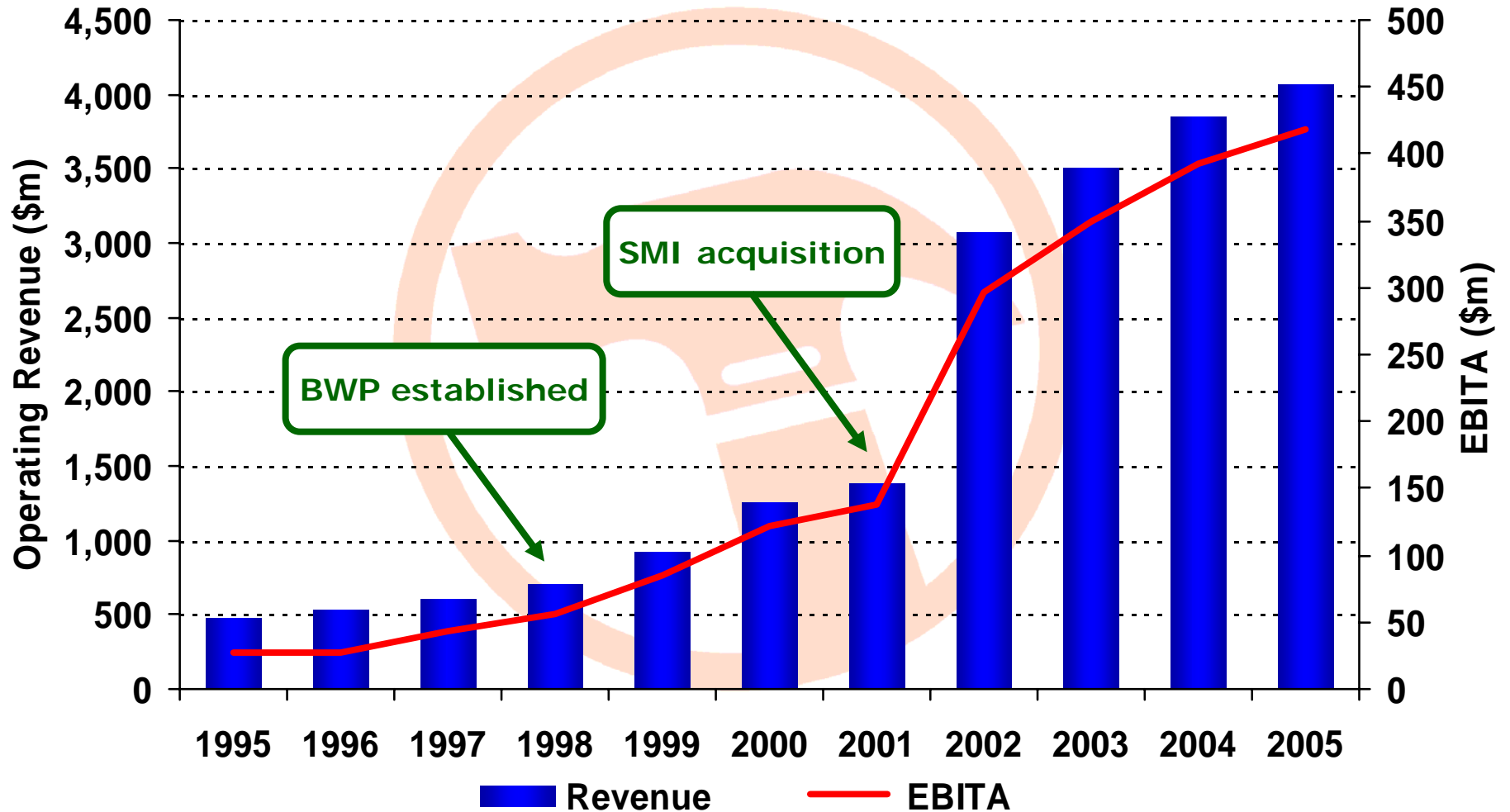
Events – AIFRS

- No issue with straightlining rent and incentives
- Revaluations resulted in \$15.8m unrealised gain for half-year



The Tenant – 135 Warehouses across AUS & NZ

Sales from Warehouses drive Bunnings Revenue



The Tenant – recent activity and outlook

➤ FY05 trading performance

- \$4.1b revenue; ↑ 5.8% on pcp
- trading EBITA \$417.9m; ↑ 8.6% on pcp
- trading EBITA/sales 10.3%; vs 10.0% in pcp

➤ 1H06 network

- 4 openings (Nerang, Sunbury, Vermont South, Kalgoorlie)

➤ 2H06 network outlook

- 6 to 8 new openings (total 10 to 12 for FY06)



Series 3000 Warehouse

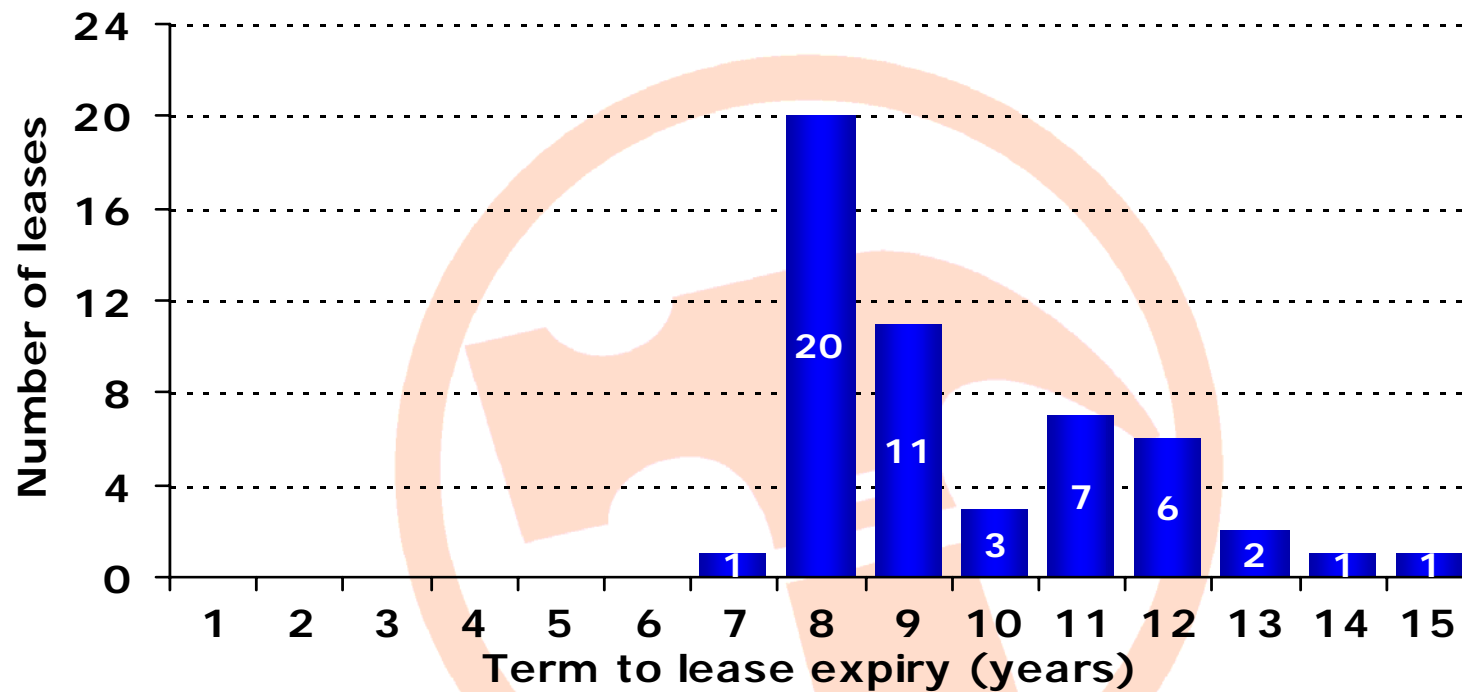


Series 5000 Warehouse



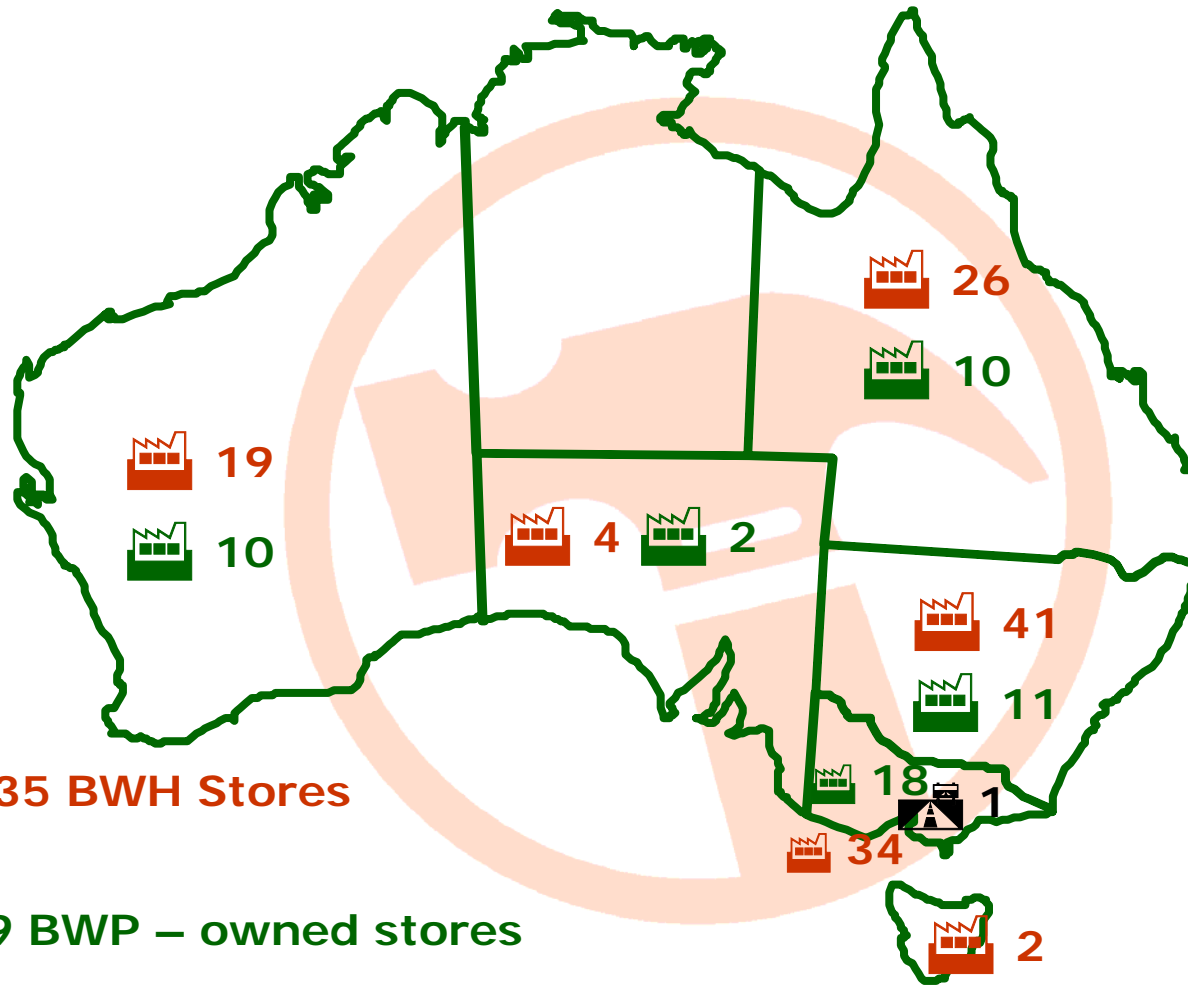
Series 7000 Warehouse

The Tenant – 100% occupancy; 9.4 yr ave. lease expiry



- Typical lease features
 - 5 + 5 + 5 (plus 2 x 5 year options)
 - annual CPI escalation
 - 5 year market reviews
 - WES covenant

BWP Portfolio – 52 properties; geographic spread improving



	Dec 05
VIC	19
NSW/ACT	11
QLD	10
WA	10
SA	2
TOTAL	52¹

¹includes 2 distribution centres and 1 development site



135 BWH Stores

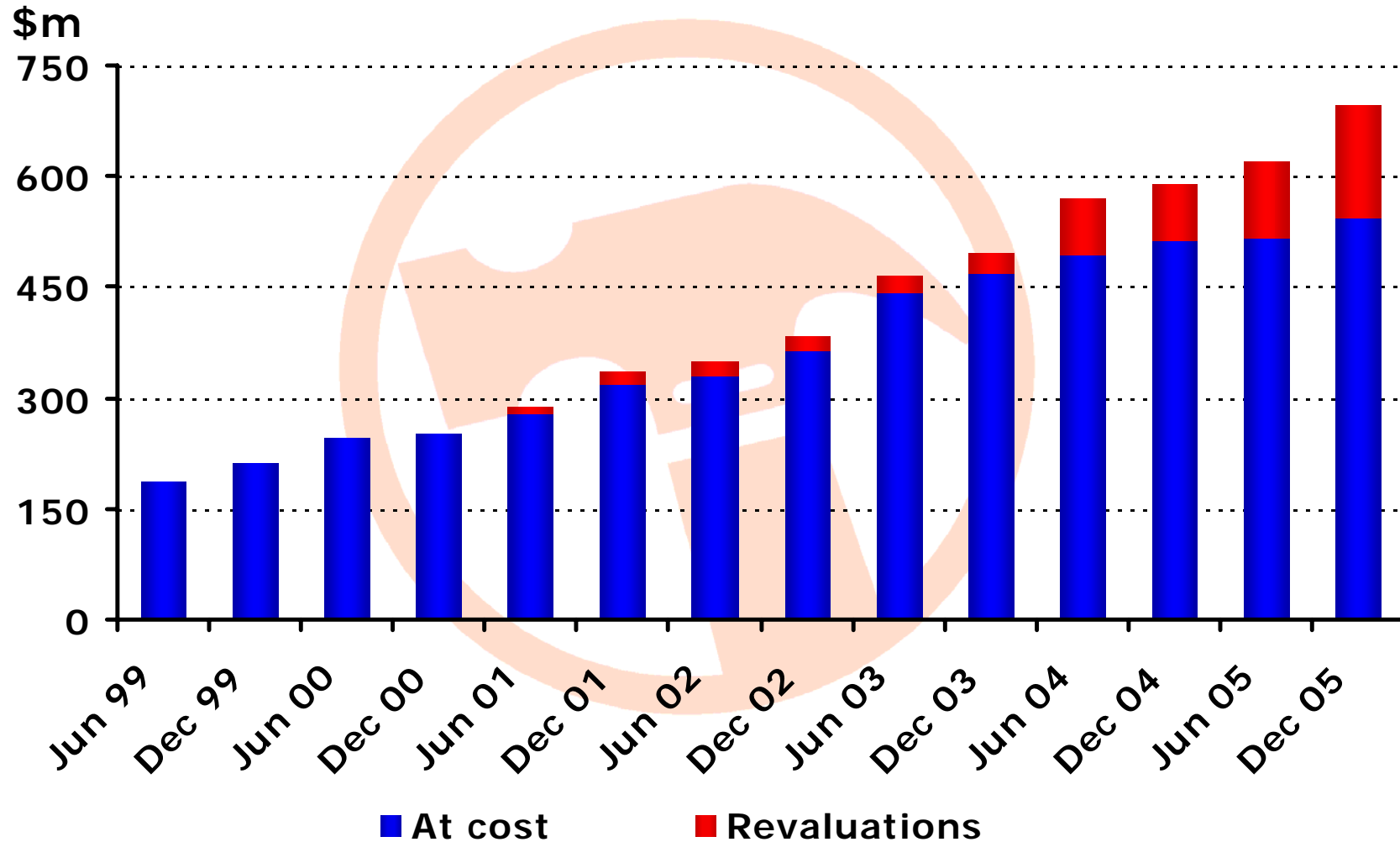


49 BWP – owned stores



1 BWP development site

Portfolio – growth through acquisition and revaluation



Portfolio – 1 market rent review in FY06

- Rockingham market rent review independently determined in 1H05

	Passing rent \$000 pa	Market review \$000 pa	Uplift %	Effective date
Rockingham	956	1,120	+17.2%	16 Aug 05

- Outlook

	FY07	FY08	FY09	FY10	FY11
Market rent reviews	6	7	22	12	4

Portfolio – revaluation across portfolio

- 12.1% valuation increase on Jun 05 disclosed book value
- Weighted average cap rate reduced from 8.3% to 7.9%
- Property revaluations
 - 3 yearly independent valuations
 - directors' valuation supported by an independent review will be undertaken on all properties not subject to an independent valuation at each balance date

Portfolio – acquisition and development

- Morley, WA (\$11.1m)
 - 8km north of Perth CBD, adjacent Centro Galleria
 - 1.8ha site; 9,826m² retail area
 - rent \$860,000; 7.75% cap rate
- Fyshwick, ACT (\$3.5m)
 - 7km southeast of Canberra CBD
 - adjoining 1ha site to be used for future expansion of BWH
 - 8% access fee on total outlay pending completion of expansion

Morley, WA

Portfolio – acquisition and development

➤ Vermont South, Vic

- 21km east of Melbourne CBD
- largest BWH to date; total retail area 16,500m²
- 5.3ha site purchased by BWP May 03 (\$10.0m)
- development fee \$13.3m (net of sale of 4,000m² surplus land for \$0.85m)
- commenced trading Aug 05; rent \$1,750,000; 7.5% cap rate

➤ Northland, Vic (\$2.9m)

- 10 km north of Melbourne CBD
- additional 2,482m² retail area; 106 car bays
- incremental rent \$0.23m pa; yield 8.0%

Vermont South, Vic

Portfolio – Bayswater showroom development

➤ Background

- 30km east of Melbourne CBD
- adjacent BWH on Canterbury Rd
- 8,200m² site valued at \$1.8m (inc. developed car park)
- 2,484m² GLA

➤ Status

- practical completion; estimated cost of construction \$2.3m
- Clark Rubber leased 1,378m² tenancy
- negotiations progressing with two national retailers for remaining tenancy of 1,106m²
- 8.5% forecast yield on development (inc. land)

Artist's impression: Bayswater, Vic

Portfolio – overview of committed upgrades

- Croydon, Vic (\$5.6m)
 - BWP purchase 1.5ha and sell 0.2ha; peppercorn
 - additional 3,077m² retail area; 100 car bays
 - incremental rent \$0.49m pa; yield 8.5%
 - estimated completion Aug 06


- Cairns, Qld (\$0.7m)
 - BWP purchase 0.2ha for \$0.3m
 - additional 2,296m² retail area
 - incremental rent \$0.06m pa; yield 8.1%
 - estimated completion Feb 06

Portfolio – overview of committed upgrades (cont'd)

- Lismore, NSW (\$0.4m)
 - miscellaneous works
 - capital rentalised at 8.75%
 - estimated completion Apr 06

- Maribyrnong, Vic (\$6.7m)
 - BWP purchased 3.4ha site in 2001 for \$7.1m
 - 8000 series BWH
 - environmental issues to be resolved by BGL
 - 8% access fee on total outlay on land acquisition pending completion of development

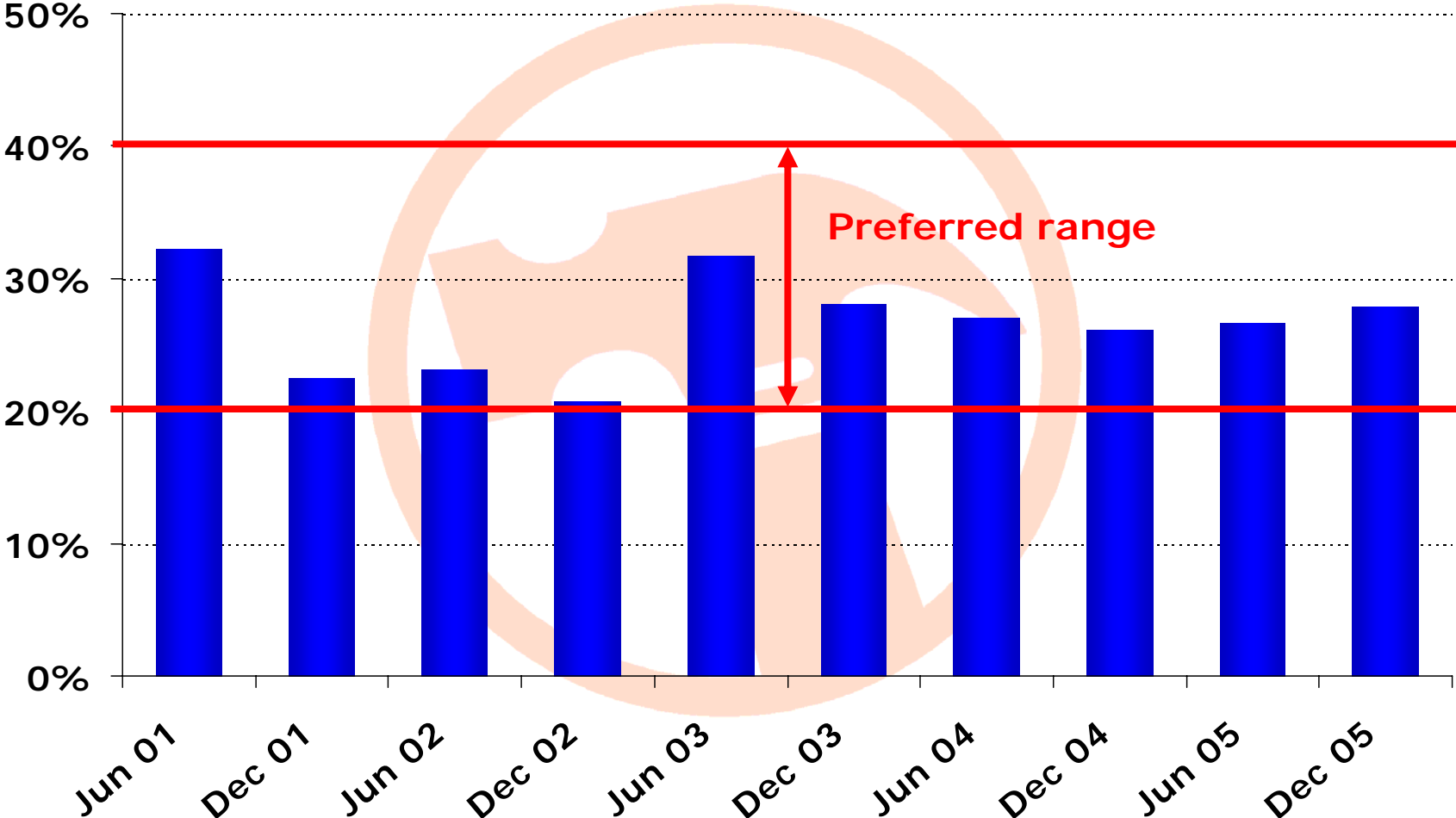
Portfolio - prospects for BWP

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- Ex Bunnings
 - organic rollout of 10 to 14 stores pa
 - Ex BBC Hardware Ltd (20 acquired by WES via SMI)
 - 7 purchased by BWP to date
 - 5 sold by WES on VP basis; more possible
 - 4 held by WES
 - 4 sold to third parties
 - Ex third party vendors (approximately 70)
 - 1 purchased (Fyshwick, Dec 02)
 - more opportunistic purchases possible

Capital Management

- Overview
 - borrowings \$195.8m
 - gearing 27.9%
- Borrowings
 - preferred gearing range of 20% to 40% (debt to total assets)
 - current gearing level lower than desired
 - weighted average cost 5.7% (excluding margins)
 - bill facilities with ANZ (\$100m), NAB (\$100m), WBC (\$50m)
- Distribution reinvestment plan
 - remains suspended

Capital Management – gearing on target



Capital Management – debt actively managed

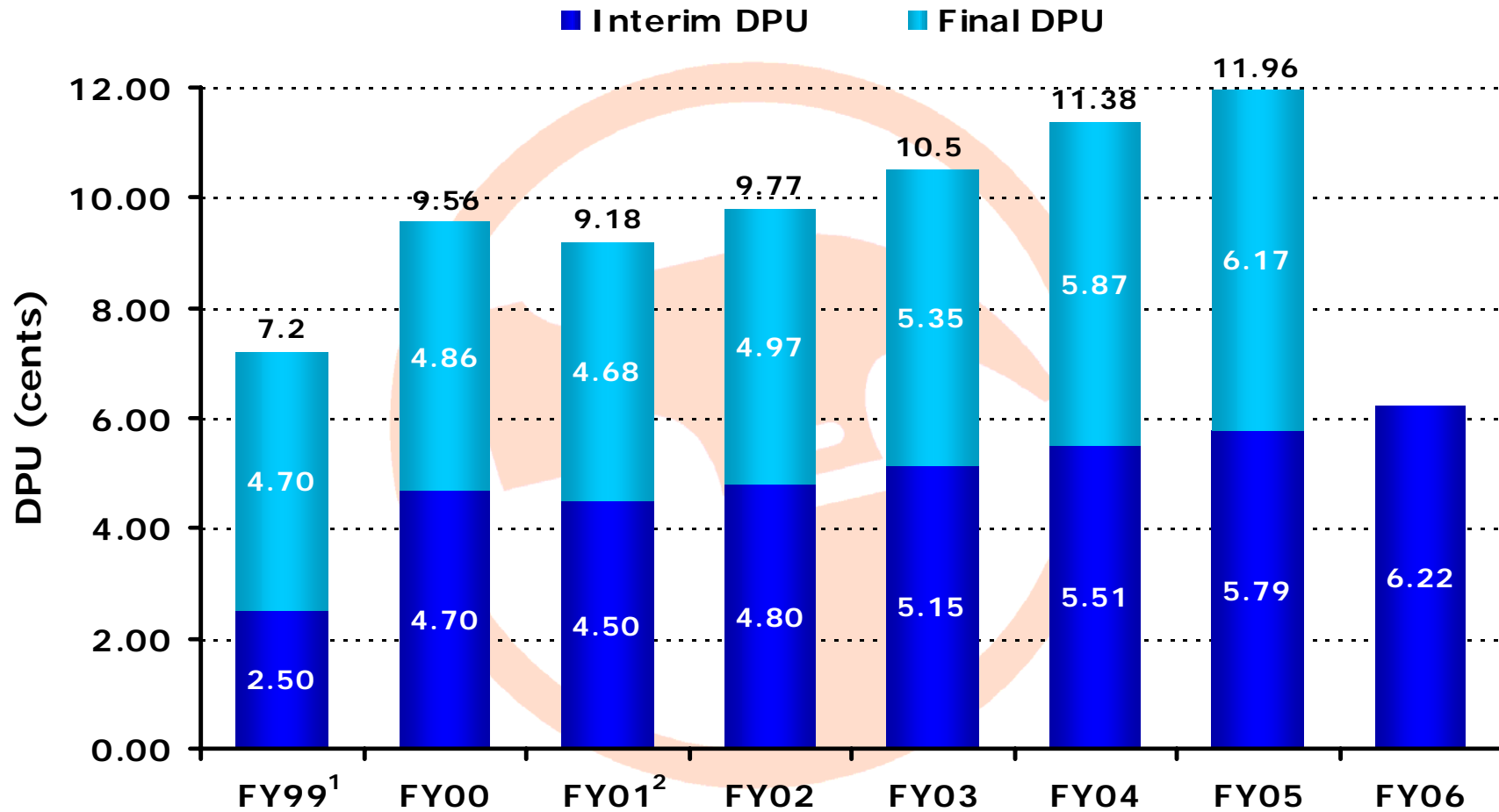
BWP Hedge Book Overview

	Dec 03	Jun 04	Dec 04	Jun 05	Dec 05
% Debt hedged¹	98	95	102	100	90
Swap rates (%)					
- maximum	6.62	6.62	6.62	6.62	6.62
- minimum	4.97	4.97	4.97	4.97	4.97

¹interest bearing debt

- \$177m hedged
- 5.7% weighted ave rate (exc. margins/fees)
- 4.1 yrs weighted ave maturity

Financial Performance –DPU growth



➤ 7.4% increase on 1H05

¹Trust commenced trading Sep 98

²end of concessional management fee

Outlook

- Acquisition opportunities
 - ex Bunnings rollout (10 to 14 pa)
 - ex BBC properties
 - ex third party owners
 - New Zealand rollout (target 25)
 - 3000 Series rollout 4 pa (target)
- Rent reviews and revaluations

	FY06	FY07	FY08	FY09	FY10
Rent reviews	1	6	7	22	12
Revaluations	19	21	15	18	21

Disclaimer

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