BUNNINGS
WAREHOUSE PROPERTY TRUST

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13 May 2010

ASX RELEASE

Unitholder Meeting Materials

The Directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today attach the Manager's Address and related presentation slides for the unitholders' meeting scheduled for today at 10.00am Perth time.

For further information please contact:

Grant Gernhoefer
General Manager, Bunnings Property Management Limited

Telephone: (08) 9327 4318
E-mail: ggernhoefer@bwptrust.com.au
Website: http://www.bwptrust.com.au/

BUNNINGS WAREHOUSE PROPERTY TRUST
UNITHOLDER BRIEFING – 13 MAY 2010

MANAGER'S ADDRESS

SLIDE 2 Thanks Mr Chairman and good morning everyone. If I could please direct you to the screen here, I will run through a presentation based on material that was issued at the end of March when we announced this proposed transaction. There will be an opportunity for questions when the Chairman opens the meeting for discussion of the resolution, so for now I would ask you to make a note of any questions that you may have.

SLIDE 3 I will go into the detail of Extended Lease Tenure and why we are recommending it to unitholders shortly, but as a summary: this is a proposal to extend the leases of 35 of the 53 Bunnings Warehouses that the Trust leases to Bunnings Group Limited. That represents about two thirds of the Trust's Bunnings Warehouses. Individual leases are extended by either 5 or 10 years.

The outcome for the Trust is:

- to secure an average of 6 years' future rental income,
- to increase the value of the Trust's portfolio and
- to provide other improvements to the quality of the Trust's portfolio.

It is a low cost transaction; with no consideration or payment between the parties other than the benefits that each receives from increasing the term of the leases.

There are no other changes to the leases, other than the duration, which is a real benefit to the Trust as the existing leases have advantages for the landlord over the more recent leases of Bunnings Warehouses. I will outline these advantages later in the presentation.

SLIDE 4 Perhaps the best way to explain the proposed transaction is to look at a few examples, as they are and as they would be if the leases were extended.

The first example shown here is the Trust's Bunnings Warehouse at Nunawading in Melbourne. This is one of 7 properties which would extend the Trust's committed term by 10 years and increase Bunnings' tenure by 10 years.

Just to ensure this all makes sense… let me just take a moment to explain some of the industry jargon used when talking about commercial real estate.

When we talk about "committed term" – we are talking about that period when the tenant is obligated to lease the property. In the Nunawading example here, the remaining committed term is 5.1 years, shown as the dark green block.

Then beyond this committed term, there are further periods that the tenant can take up, at its option, to remain at the property. These further periods we refer to as "optional terms". In this example, there are two optional terms of another 5 years each, shown as the light blue blocks on the diagram.

The duration of the optional terms on top of the committed term determines how long the tenant is entitled to use the property; which we refer to as the tenant's "tenure". In this example the tenant's tenure is 15.1 years, being the green and blue blocks combined.

To a landlord, and in this case the Trust is the landlord, the 5.1 year committed term is the most important period because it is the period for which the tenant has to pay rent and therefore is a measure of the security of income from the property.

Under the proposal to extend the Nunawading lease, the committed term increases by 10 years to 15.1 years and at the end of that period Bunnings has one 10 year option. The outcome is that the Trust's committed term increases by 10 years and Bunnings' tenure increases by 10 years.

An added benefit to the Trust for these 7 properties is that the 2 five-year options are exchanged for 1 ten-year option, meaning that Bunnings has to commit to the property for a further 10 years at the end of the committed term rather than 5 years at a time.

SLIDE 4a The same principle of matching the Trust's increase in committed term and Bunnings additional tenure applies to the 26 properties where the Trust gets a further 5 years' committed term for Bunnings' additional 5 years' tenure. The example here is the Mindarie Bunnings Warehouse here in Perth.

SLIDE 4b There are two properties where the Trust gets less additional committed term than Bunnings' additional tenure, which are shown here.

For Cannon Hill in Queensland, the Trust's committed term increases by 5 years and Bunnings gets an additional 10 years.

For Noarlunga in South Australia, Bunnings gets an additional 5 years' tenure and the Trust's committed term stays the same.

Both properties had recent upgrades for which the Trust had required Bunnings to increase the committed term by around 5 years. So this has been taken into account when allocating the extended tenure.

SLIDE 5 There are 18 Bunnings Warehouses that were not included in the transaction – 2 because they were subject of other discussions between the parties and 16 where one or both parties considered there was already sufficient term.

Importantly, the exclusion of the 18 properties is more a function of the negotiation process than a reflection of the merits of the individual properties.

You will see that Bunnings initially only wanted to extend its optional term on 15 properties. We however, thought that extended tenure should apply to all the Trust's Bunnings Warehouses. In the end we settled about half way, meaning some properties were excluded.

SLIDE 6 Looking now at the advantages of the Extended Lease Tenure to the Trust. There are three main areas that the Trust is better off with the extended tenure.

First, while it doesn't affect current rental earnings it does secure future rental income over 34 properties for an average of 6 years.

Based on rentals at 31 Dec 2009 this equates to about $280 million over the 6 years. Securing this rental income in advance reduces the risk that the Trust will lose earnings for a period, or have lower earnings, if Bunnings decided not to exercise its options at the end of the current committed term and the Trust had to find another tenant or use for properties.

Second, there will be a modest increase in the value of the portfolio. We estimate this as about $13.9 million based on the value of the properties at 31 December 2009 and we will look at how this works in a moment.

Third, there are a number of other aspects of the Trust's portfolio that are enhanced by extending the lease tenure, which are listed here and I will cover shortly. But before we go any further I should cover the possible disadvantages of the proposed transaction.

SLIDE 7 When considering a proposal of this nature, we are required to weigh up the advantages for the Trust against any possible disadvantages. Against the considerable advantages, we identified two potential disadvantages in extending the lease tenure. The first, and probably the more significant consideration, is the opportunity cost of committing these 35 properties for a further 5 or 10 years.

It is fair to say that we have contemplated at some length whether it is better for unitholders to secure existing arrangements for longer by extending the existing leases with Bunnings now, or wait for the chance to negotiate better terms with Bunnings or some other user at some future point in time, or to presume that we can, ourselves, put the properties to a higher and better alternative use at the end of the existing leases.

Given that under the existing leases the properties do not revert to the Trust until 14 to 26 years from now, we concluded that the costs, risks and outcomes of possible alternative uses for the properties so far out into the future were highly speculative. This view was shared by both independent experts.

We also concluded that holding out for better terms with Bunnings would be risky and unproductive for a longer term relationship. On this basis the directors were firmly of the view that extending the existing leases with a known quality tenant was the better outcome for the Trust and unitholders.

The second disadvantage of extending the leases that was identified is more tangible, but relatively minor. There will be an increased management fee payable to the Responsible Entity due to the increase in capital values resulting from extended leases. Based on the estimated $13.9 million increase in property values, the Trust will be paying the Responsible Entity another $81,000 per annum or thereabouts. This is not a significant sum. To put it in context, it represents about 0.02 of a cent per unit, or one fiftieth of a cent.

Accordingly, the Board concluded that the certainty of the advantages of the extended lease tenure well outweighed the potential disadvantages.

SLIDE 8 I have referred to the anticipated increase in portfolio capital values as a result of increasing the tenure of leases. We have assessed the increase in values based on the most recently reported fair values at 31 December 2009.

We have then factored in what we expect longer committed term would do to the value of each property – that is, essentially, whether an informed property investor would likely pay more for a property because it has a longer committed term.

The outcome is that for 24 of the subject properties (a little over two thirds) the value would increase and for the remaining 11 the value would not likely change. For 2 properties that were not included in the extended lease tenure we concluded the value may decrease, given they have less than 4 years remaining term certain.

The net effect is that the extended lease tenure would have been expected to increase December valuations by about $13.0 million, the equivalent of about 3 cents per unit.

The independent valuer's report included in the Notice of Meeting and Explanatory Notes supports this view.

Turning to the other aspects that are expected to enhance the quality of the portfolio as a result of the extended lease tenure.

SLIDE 9 The first is….., securing the existing lease terms and conditions, because these are more favourable than those generally available in the current market for reasons listed here.

Perhaps the most significant benefit is that most of our current leases do not have any caps on the increase of rent allowed under market rent reviews. This means that the rental growth for these properties can increase, unconstrained, according to the market.

Finally, a couple of graphs may help to illustrate the effect of increasing the length of time that Bunnings is committed to lease the subject properties.

SLIDE 10 The first chart shows the average number of years of committed rental income from the Trust's current portfolio (or the Weighted Average Lease Expiry) from 31 December 2009 into the future (assuming we don't buy or sell any more properties and that all tenant options are exercised when they fall due).

You will see from the darker line that there were just under 6 years' of committed term for the Trust at 31 December 2009.

With the lease extensions, shown by the blue coloured line, this increases to over nine years initially.

You will see on the right hand side of the graph we have circled where the average committed term picks up again – which is a result of the 10 year option terms.

SLIDE 11 The chart displayed here shows the number of leases that the Trust has expiring in each calendar year. The dotted line surrounding the light blue shaded area shows the number of leases expiring without the extensions. The solid blue-coloured line shows the number expiring after the extended lease tenure. You will see that after the extensions the profile is longer and smoother, removing the peak that would occur in calendar year 2013 when about 22 leases are up for renewal.

SLIDE 12 So in summary, extending the existing leases is a low cost portfolio management initiative, securing future income for nearly two thirds of the Trust's Bunnings Warehouses on existing lease terms.

It is expected to result in a modest increase in portfolio values and improves the lease expiry profile for the Trust.

The proposed transaction represents what the independent expert described as "locking in an existing high quality tenant for an extended period of time" and is recommend unanimously by the directors of the Responsible Entity and is supported by the independent experts engaged by the Directors to advise on the transaction.

Thank you ladies and gentlemen.

I will now hand you back to the Chairman.

BUNNINGS WAREHOUSE PROPERTY TRUST

Extended Lease Tenure

May 2010

Presentation Outline

Grant Gernhoefer
General Manager
Bunnings Property Management Limited

- Highlights
- Examples of ELT by property
- Excluded properties
- Advantages of ELT to the Trust
- Disadvantages
- Increased capital value
- Property portfolio enhancements
- Summary

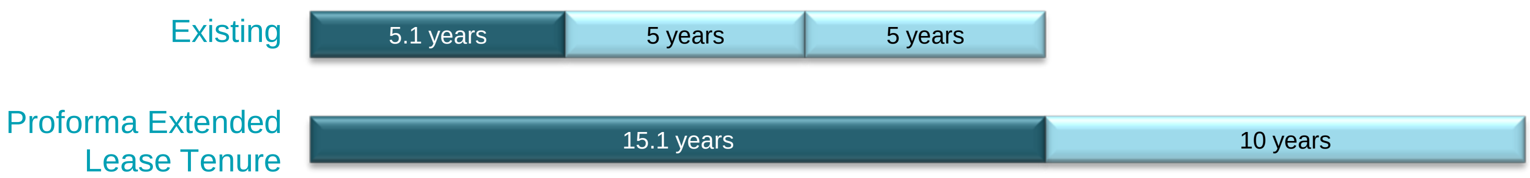
Highlights

- Extends existing leases over 35 of the 53 Bunnings Warehouses leased to Trust's main tenant Bunnings Group Limited ("BGL")
- Individual leases extended by either 5 or 10 years
- Secures an average of 6 years' future income from BGL beyond current term for 34 properties
- Slight increase in portfolio capital values
- Enhances the quality of the Trust's portfolio
- No consideration between the Trust and BGL, other than the benefits each receives from extending leases
- No other changes to lease terms and conditions, rents or rent review mechanism

Examples of ELT by property *

10 for 10 (7 properties)

Nunawading (Vic)



5 for 5 (26 properties)

Mindarie (WA)

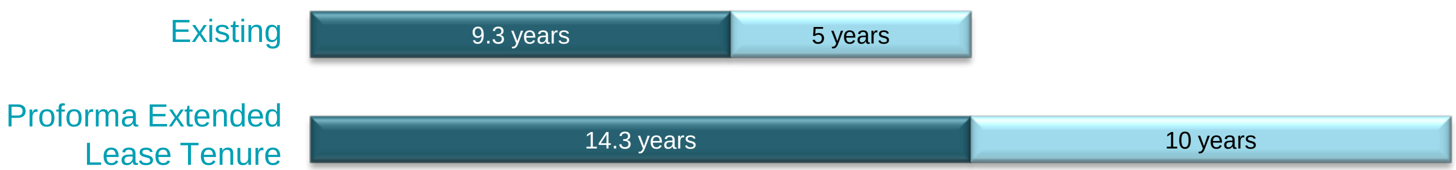
Committed term (by BGL)   Optional term (for BGL)

* As at 31 December 2009

Examples of ELT by property *

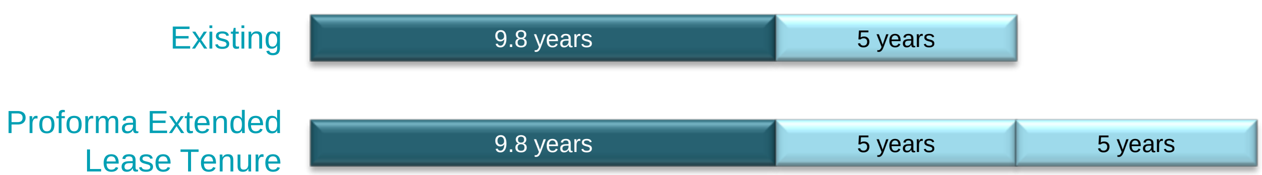
5 for 10 (1 property)

Cannon Hill (Qld)



0 for 5 (1 property)

Noarlunga (SA)



Committed term (by BGL)   Optional term (for BGL)

* As at 31 December 2009

Excluded properties

- 18 Bunnings Warehouses excluded
  - 16 properties: either or both parties considered existing tenure was sufficient; or
  - 2 properties: subject to other dealings or negotiations between the parties (e.g. upgrades)
- Exclusion of properties reflects robustness of negotiations not necessarily quality of property or BGL's ongoing tenure
  - BGL's starting point: 15 properties
  - Trust's starting point: 53 properties
  - Outcome: 35 properties

Advantages of ELT for the Trust

- Secures future rental income
  - Approximately $280m* over the average 6 years' increased committed term
  - Reduces re-leasing or vacancy risk
- Increases value of some subject properties
  - Estimated $13.9m increase on 31 December 2009 portfolio value
- Enhances the Trust's Portfolio
  - "Locks in" high quality tenant
  - Secures existing lease terms and conditions beyond current expiry
  - Introduces 10 year optional terms on 7 properties
  - Smooths and extends lease expiry profile

* ignores rental growth through CPI and market rent reviews

Disadvantages of ELT for the Trust

- Commits properties for a further 5 or 10 years:
  - defers opportunity to renegotiate better terms with BGL or find higher and better use, BUT:
  - already 14 to 26 years before properties would revert to the Trust
  - prospect of higher and better use considered speculative and remote
- Increased capital values incurs additional annual management fee (e.g. $0.08m on $13.9m property value uplift)

Increase in Portfolio Capital Value*

- Increase based on improved (lower) capitalisation rates on some subject properties due to longer committed term
- Decrease of 2 properties not included in ELT based on <4 years remaining committed term
- Estimated net increase on pro-forma basis of $13.9m
- Equivalent to +$0.03 Net Tangible Assets per unit

* Based on rents and capitalisation rates at 31 December 2009

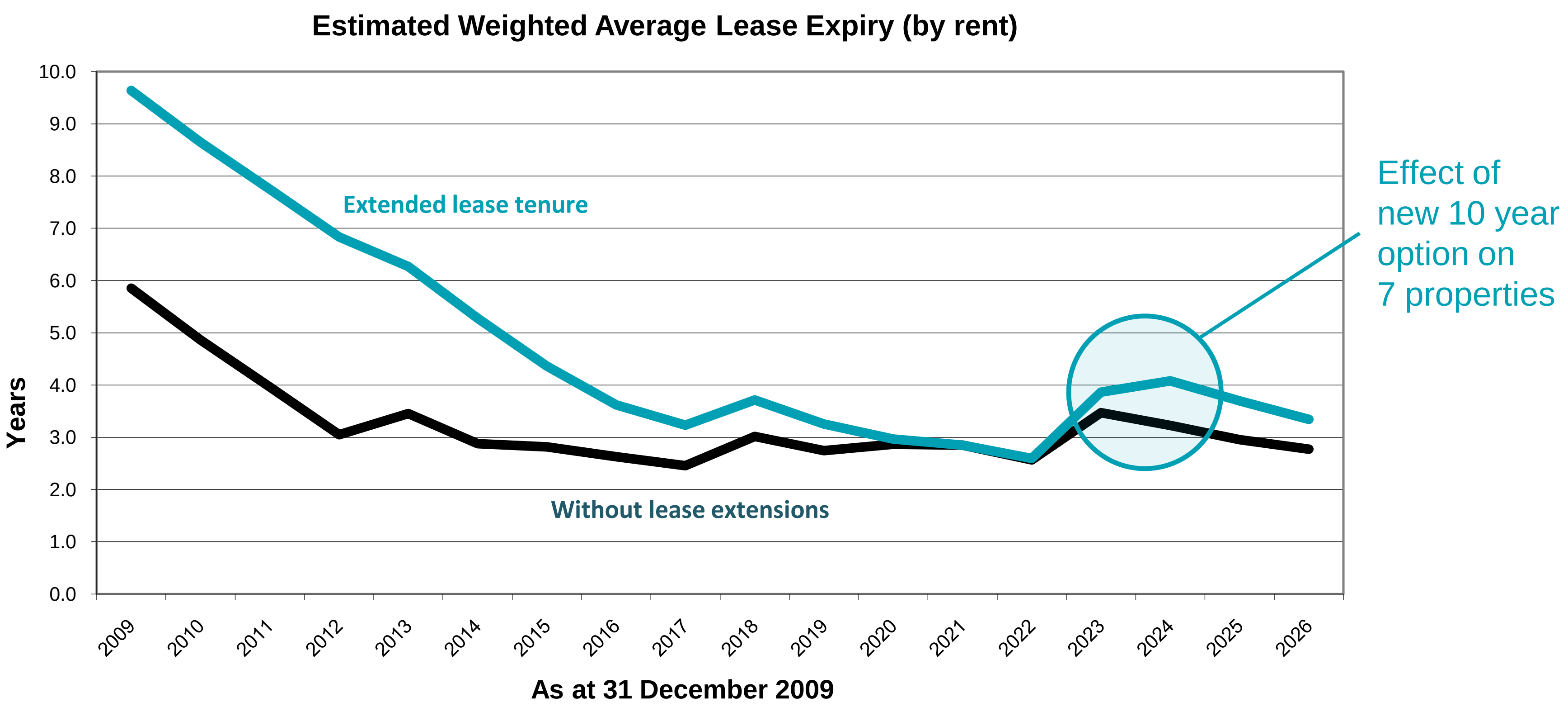
Enhances Property Portfolio

- Extends leases on existing terms and conditions (more favourable to the Trust than generally available for Bunnings Warehouses in the current market)
  - Majority with no caps on market rent reviews
  - Limited committed capital expenditure requirements
  - No right of repurchase by the tenant*
  - Majority allowing recovery of land tax on multiple-holding basis from the tenant

* With the exception of Bayswater, Thornleigh and Vermont South, for which the tenant has the right to repurchase in specified circumstances where the landlord and tenant are not related parties

Enhances Property Portfolio

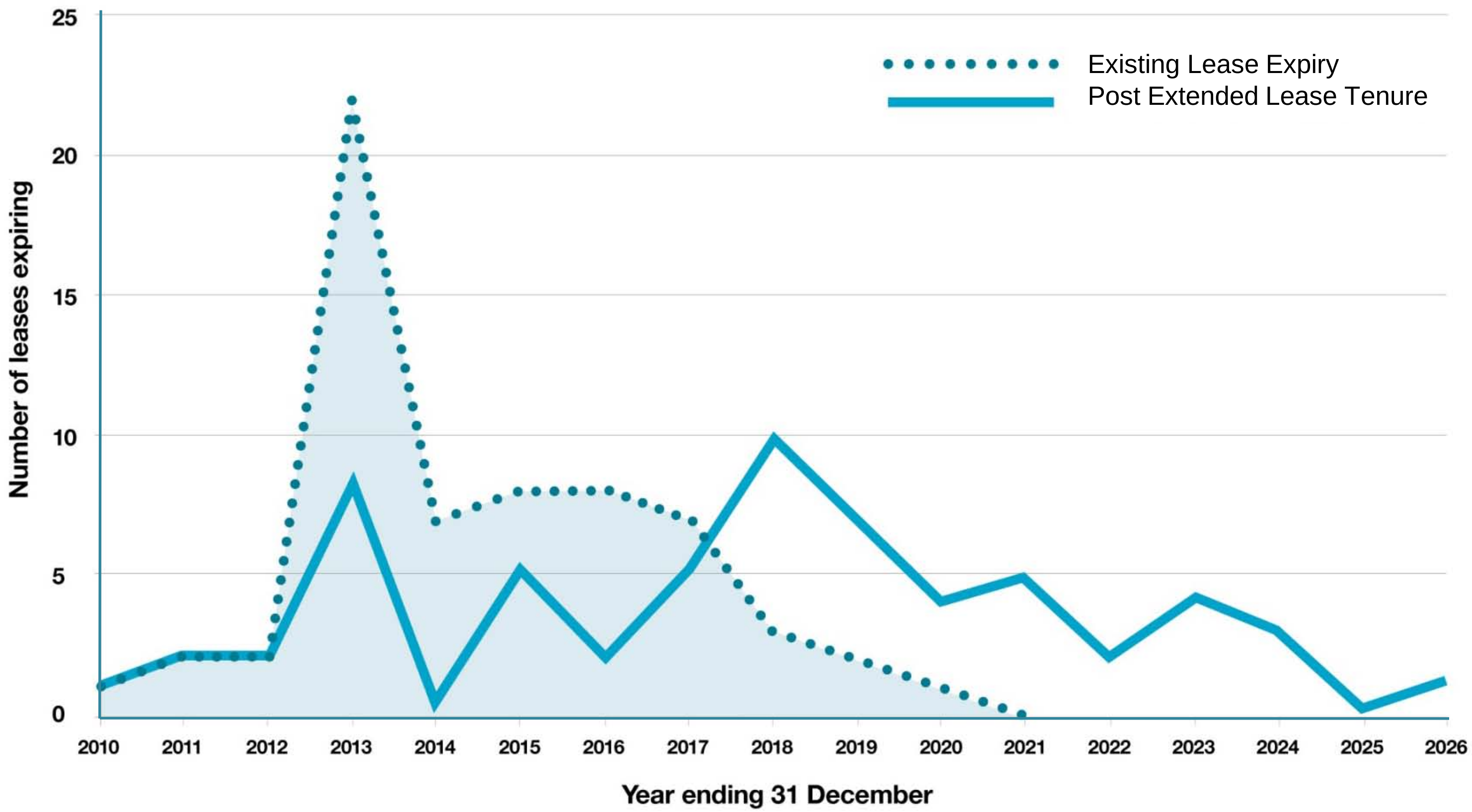
- Improves average committed term



(Assumes no acquisitions or disposals and exercise of all tenant options)

Enhances Property Portfolio

- Extends and smooths lease expiry profile



Summary

- Portfolio management initiative
- Secures an average 6 years' future rental income for 34 properties
- Low cost enhancement of portfolio:
  - Extends leases on existing terms and conditions
  - Improved capital value
  - Longer WALE
  - Smoothed and extended lease expiry profile
- "Locking in an existing high quality tenant for an extended period of time" *(PWC, Independent Expert)*

Further information

Visit: www.bwptrust.com.au

Responsible entity:	Bunnings Property Management Limited	
	Tel:	(08) 9327 4356
	Email:	ggernhoefer@bwptrust.com.au

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.

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