BUNNINGS
WAREHOUSE PROPERTY TRUST

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A S X R E L E A S E

Portfolio acquisition and entitlement offer

The Directors of Bunnings Property Management Limited, the Responsible Entity of Bunnings Warehouse Property Trust (**BWP** or the **Trust**), today announces that the Trust has agreed to acquire from a wholly owned subsidiary of Bunnings Group Limited (**BGL**), a portfolio of 10 operational Bunnings Warehouses and three properties on which BGL will develop Bunnings Warehouses (**Portfolio Acquisition**). The acquisition price of $241.7 million represents the total amount payable to BGL assuming the completion of the Bunnings Warehouses to be developed by BGL. The acquisition price reflects the independent valuations of the properties and an initial yield of 7.7 per cent.

The Portfolio Acquisition will be funded by a mix of the Trust's existing debt capacity and the proceeds of a fully underwritten 1 for 4.84 accelerated non-renounceable entitlement offer of additional fully paid units in BWP to raise approximately $150 million conducted at a fixed issue price of $1.70 per new unit (**Entitlement Offer**). The forecast distributions per unit for the year ending 30 June 2012 (refer to section headed "Distribution guidance") reflect a 7.8% distribution yield based on the issue price. The Entitlement Offer comprises an institutional entitlement offer to raise approximately $80 million and a retail entitlement offer to raise approximately $70 million.

For the institutional entitlement offer, new units equivalent to the number of entitlements not taken up by eligible institutional unitholders and those which would otherwise have been offered to ineligible institutional unitholders, will be offered to eligible institutional unitholders and certain other institutional and sophisticated investors through a volume bookbuild at the issue price.

Due to the value of the portfolio to be acquired and the fact that the properties are to be acquired from a wholly owned subsidiary of BGL, a company related to the Responsible Entity, unitholder approval is required under ASX Listing Rules. A unitholders' meeting will be held at 10.00am Australian Western Standard Time (**AWST**) on 30 March 2011 to consider and, if thought fit, to pass, a resolution approving the Portfolio Acquisition.

Mr Grant Gernhoefer, General Manager of Bunnings Property Management Limited, said: "The Portfolio Acquisition adds substantially to the Trust's existing portfolio and is expected to provide unitholders with a secure, growing income stream and long-term capital growth, consistent with the Trust's objectives. The fully underwritten Entitlement Offer to part fund the Portfolio Acquisition will ensure BWP maintains its conservatively geared balance sheet to provide financial flexibility for funding further acquisition opportunities."

Portfolio Acquisition overview

The Portfolio Acquisition entails:

- The Responsible Entity, on behalf of the Trust, acquiring from a wholly owned subsidiary of BGL a portfolio of 10 operational Bunnings Warehouses and three properties on which BGL will develop Bunnings Warehouses (collectively, the **Warehouse Properties**); and

- BGL leasing each of the completed Warehouse Properties from the Trust on settlement or upon completion, for an initial fixed term of 10 years, and with a further five optional terms of five years each, exercisable by BGL, at commencing annual rentals and on lease terms and conditions that have been agreed by the parties.

All of the Warehouse Properties are located in metropolitan or regional cities or large regional centres throughout New South Wales, Queensland, Victoria and Western Australia. Under the leases for all the Bunnings Warehouses the rent increases by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by the tenant the rents are subject to a market rent review, having regard to the rents paid at comparable properties. The market reviews for the Bunnings Warehouses are subject to a 10 per cent 'cap and collar', meaning that the rent will not rise or fall by more than 10 per cent of the preceding year's rent.
At two of the Warehouse Properties there are other tenancies, in addition to the Bunnings Warehouses, which represent approximately four per cent of the total rental income from the Portfolio Acquisition. These other tenancies all have annual fixed rental increases of four per cent per annum and market rent reviews on the exercise of each option. The market rent reviews for one of the leases are subject to 10 per cent caps and collars.

Three of the Warehouse Properties are being acquired as land on which Bunnings Warehouses are to be developed by BGL. For each of these development properties the Trust has contracted with BGL to complete the development for a fixed amount. Until the development is completed the Trust receives a monthly access fee and BGL is responsible for paying outgoings until completion.

Transaction rationale

The Portfolio Acquisition and Entitlement Offer are expected to provide the following benefits to the Trust:

- Secures a significant portfolio of recently developed or new properties, representing an approximate 23 per cent increase in the value of the Trust's investment properties, and provides a platform for future income and capital growth.

- Improves the geographic diversity of BWP's portfolio, by reducing the proportion of rental income derived from Victoria and increasing the proportion of rental income derived from Western Australia and New South Wales.

- Increases the forecast weighted average lease expiry at 30 June 2011 from 8.4 years to 8.7 years (assuming the leases for all 13 properties have commenced).

- The acquisition of the three development properties allows the Trust to acquire interests in Bunnings Warehouses prior to construction, incurring lower statutory charges than would apply to acquiring completed developments, and with negligible exposure to development risk.

- The mix of debt and equity funding to acquire the Warehouse Properties allows the Trust to maintain a conservatively geared balance sheet to provide financial flexibility to undertake further acquisition opportunities and capital improvements to existing Trust properties.

- Potential for increased liquidity and expansion of the BWP investor base through the Entitlement Offer.

Funding of the Portfolio Acquisition

The Portfolio Acquisition is subject to the Trust raising sufficient equity, debt or both on or before 1 April 2011. The Entitlement Offer is being undertaken to fund, together with existing debt facilities, the purchase price and all other costs of the Portfolio Acquisition.

The Entitlement Offer is not subject to unitholder approval and will proceed regardless of whether or not the resolution to acquire the proposed portfolio is approved by unitholders. The Entitlement Offer is being undertaken in advance of the unitholders' meeting to provide certainty of the availability and cost of funding. An entitlement offer was considered to be an appropriate structure to raise the desired equity as it allows all eligible unitholders to participate on a pro-rata basis.

Directors with unitholdings in BWP have confirmed their intentions to take up their full entitlements under the Entitlement Offer.

UBS AG, Australia Branch, is acting as sole financial advisor, lead manager and underwriter in respect of the Entitlement Offer.

Wesfarmers' commitment to the Entitlement Offer

Wesfarmers Limited, through a wholly-owned subsidiary, is the Trust's largest unitholder, with approximately 23.5 per cent[1] of the issued units in BWP, and wholly-owns BPML, the responsible entity of the Trust. In addition, BGL, a wholly owned subsidiary of Wesfarmers, is the major tenant of BWP. Wesfarmers has indicated its intention to take up all of its entitlement under the Entitlement Offer, amounting to approximately $35 million.

Distribution guidance

New units issued under the Entitlement Offer will rank equally with existing units and will be entitled to the final distribution for the six months ending 30 June 2011. Allowing for the additional units issued under the Entitlement Offer, the estimated distribution for the half-year to 30 June 2011 is 5.69 cents per unit. This brings the estimated total distribution for the 2011 financial year to 11.87 cents per unit, including the capital distribution of 0.09 cents per unit from the sale of the Trust's Canning Vale property, which was included with the interim distribution.

Distributions for the 2012 financial year are forecast to be 13.3 cents per unit. The Portfolio Acquisition and Entitlement Offer are expected to have a neutral impact on this forecast. This forecast reflects management's expectations of 100 per cent portfolio occupancy and a conservative estimate of income growth from structured and market rent reviews for the Trust's existing properties (approximately 2.8 per cent like-for-like rental income growth). Adjusting for the impact of the Portfolio Acquisition and Entitlement Offer, the average rate of borrowing costs is estimated to be 8.3 per cent (inclusive of fees and margins) and borrowings are estimated to be 60 per cent hedged, on average, over the financial year.

The forecast also takes into account a partial waiver by the Responsible Entity of its entitlement to the management fee from the Trust relating to the Warehouse Properties. The management fee which, under the Trust's constitution would otherwise apply to the value of the Warehouse Properties, will be reduced by 100 per cent from the date of settlement until 30 June 2012 and by 50 per cent for the year ending 30 June 2013.

In the medium term, to the extent that annual CPI[2] increases and market rent reviews on the Trust's existing properties are in excess of the annual fixed three per cent rental growth during the initial lease term of the Warehouse Properties, the growth profile of the Warehouse Properties may be lower than that of the Trust's existing portfolio. However, this is a function of the timing of the Trust's market rent reviews and in the longer term the Portfolio Acquisition is expected to provide unitholders with income growth comparable with the Trust's existing portfolio.

In the event the acquisition is not approved by unitholders, the net proceeds from the Entitlement Offer will be used to repay debt and held on deposit for future capital expenditure and acquisition opportunities. Costs to close out excess interest rate derivative contracts and

[1] As at 17 February 2011

[2] The Consumer Price Index as calculated and published by the Australian Bureau of Statistics

acquisition costs (approximately $2.0 million combined) would be written off prior to 30 June 2011, reducing the final distribution for the six months ending 30 June 2011 to an estimated 5.3 cents per unit. Forecast distributions for the financial year ending 30 June 2012 would be unchanged at 13.3 cents per unit.

Additional information

Additional information regarding the Portfolio Acquisition and Entitlement Offer is contained in the management presentation released to the ASX today and the Retail Entitlement Offer booklet and the Notice of Unitholders' Meeting and Explanatory Memorandum, which will be mailed to eligible unitholders and will be available on the Trust's website.

Unitholder enquiries

Unitholders who have any questions regarding the Entitlement Offer should contact the Bunnings Warehouse Property Trust Information Line on 1300 136 972 (within Australia) or on +61 3 9415 4323 (from outside of Australia) at any time from 8:30am to 8:00pm Australian Eastern Daylight Time (AEDT), Monday to Friday.

For further information please contact:
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This release and its attachments include certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BPML, BWP, and their officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in any forward-looking statements. Actual results, performance or achievements may vary materially from any projected forward-looking statements and the assumptions on which those forward-looking statements are based. BPML does not guarantee any particular rate of return or the performance of BWP nor does it guarantee the repayment of capital from BWP or any particular tax treatment. Readers are cautioned not to place undue reliance on forward-looking statements and should also have regard to the "Risks" section of the attached management presentation. BPML assumes no obligation to update such information.