

# **BUNNINGS**

## **WAREHOUSE PROPERTY TRUST**

ARSN 088 581 097

23 February 2007

A S X R E L E A S E

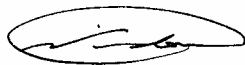
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### **Half-Year Report to 31 December 2006**

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Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust wishes to advise that the Half-Year Report to 31 December 2006 will be mailed today to Unitholders who have elected to receive reports.

A copy of the Half-Year Report to 31 December 2006 is attached to this announcement and will also be available on the Trust's website at [www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au)



ANTHONY NIARDONE  
Company Secretary

# Half-year Report

six months to 31 December 2006



**BUNNINGS**  
WAREHOUSE PROPERTY TRUST

The Bunnings Warehouse Property Trust comprises predominantly warehouse retailing properties and, in particular, Bunnings Warehouses tenanted by Bunnings Group Limited, a wholly-owned subsidiary of Wesfarmers Limited.

Bunnings Warehouse Property Trust  
ARSN 088 581 097  
Responsible Entity  
Bunnings Property Management Limited  
ABN 26 082 856 424  
Australian Financial Services Licence  
No. 247830

Objective: Provide unitholders with a secure, growing income stream and capital growth

BUNNINGS  
warehouse

Unit price (\$)

31 Dec 2005

1.95

31 Dec 2006

2.16

Objective: Distribute all net income each financial year

Distribution  
(cents per unit)

Interim 2006

6.22

Interim 2007

6.42

# HIGHLIGHTS

Distribution of 6.42 cents per ordinary unit – up 3.2 per cent on December 2005

Acquisition of an existing Bunnings Warehouse store in North Belmont, NSW

Completion of property upgrades at Cairns, Croydon and Lismore

A 15.7 per cent increase in the fair value of Trust properties for the six months to \$834.4 million

Net tangible asset backing per unit of \$1.98 at 31 December 2006

# PERFORMANCE

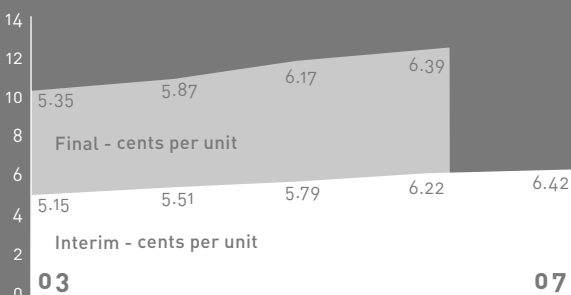
The Trust's performance in the six month period to 31 December 2006 resulted in a 5.8 per cent increase in income to \$28.8 million. Distributable profit earned for the period was up 3.1 per cent to \$19.4 million in comparison with the previous corresponding period. The fair value of the Trust's properties increased by 15.7 per cent to \$834.4 million during the six months to 31 December 2006.

## Financial performance

Half-year ended 31 December

		06	05
Total income	(\$m)	28.8	27.2
Net profit	(\$m)	113.7	34.6
Unrealised gain in fair value of investment properties	(\$m)	94.3	15.8
Distributable profit	(\$m)	19.4	18.8
Distribution per ordinary unit	(cents)	6.42	6.22
Tax advantaged component (estimate)	(%)	23.66	24.45
Total assets	(\$m)	846.7	702.5
Borrowings	(\$m)	219.1	195.8
Unitholders' equity	(\$m)	599.9	479.5
Gearing (debt to total assets)	(%)	25.9	27.9
Number of units on issue	(m)	301	301
Number of unitholders		12,340	12,320
Net tangible asset backing per unit	(\$)	1.98	1.59
Unit price at 31 December	(\$)	2.16	1.95
Management expense ratio (annualised)	(%)	0.68	0.67

## Distribution



Objective: Add quality properties to the portfolio

Properties

31 Dec 2005

52

31 Dec 2006

53



# PROPERTIES

PROPERTY As at 31 December 2006	LAND AREA  (ha)	TOTAL RETAIL AREA <sup>1</sup> (sq.m)	ANNUAL RENTAL  (\$'000)
<b>Western Australia</b>			
Albany	2.0	13,843	535
Balcatta	4.3	24,932	1,425
Bibra Lake	3.2	17,124	1,141
Geraldton	3.3	17,974	759
Joondalup	2.5	13,358	989
Mandurah	2.5	12,062	838
Midland	2.4	13,754	967
Mindarie	3.1	14,479	998
Morley	1.8	9,852	896
Rockingham	3.3	17,179	1,153
<b>Total</b>	<b>28.4</b>	<b>154,557</b>	<b>9,701</b>
<b>Victoria</b>			
Altona	2.4	9,254	946
Bayswater	4.9	15,193	1,413
Bayswater Showrooms		2,484 <sup>2</sup>	323
Broadmeadows <sup>3</sup>	1.7	10,435	938
Croydon	3.8	10,146	1,400
Dandenong	2.7	12,390	1,077
Epping	3.1	12,078	967
Fountain Gate	3.2	12,624	1,152
Frankston	3.8	13,795	1,697
Hoppers Crossing	2.7	11,170	1,023
Maribyrnong <sup>4</sup>	3.4	N/A	N/A
Mentone	2.5	11,814	1,081
Mornington	4.1	13,183	1,285
Northland	3.3	12,027	1,328
Nunawading <sup>5</sup>	3.4	14,766	1,734
Oakleigh South	4.4	15,157	1,607
Sandown	3.1	12,180	890
Scoresby	3.4	11,938	1,092
Sunshine	2.0	10,664	803
Vermont South <sup>6</sup>	5.3	16,634	1,799
<b>Total</b>	<b>63.2</b>	<b>227,932</b>	<b>22,555</b>
<b>Australian Capital Territory</b>			
Fyshwick <sup>7</sup>	2.8	6,400	1,015
Tuggeranong	2.8	11,941	1,197
<b>Total</b>	<b>5.6</b>	<b>18,341</b>	<b>2,212</b>

PROPERTY As at 31 December 2006	LAND AREA  (ha)	TOTAL RETAIL AREA <sup>1</sup> (sq.m)	ANNUAL RENTAL  (\$'000)
<b>South Australia</b>			
Mile End	3.3	15,121	1,307
Noarlunga	2.7	11,845	874
<b>Total</b>	<b>6.0</b>	<b>26,966</b>	<b>2,181</b>
<b>New South Wales</b>			
Artarmon	0.7	5,945	1,267
Belmont	4.0	12,620	754
Belrose	2.5	10,228	1,560
Coffs Harbour	2.5	8,657	679
Lismore	2.1	9,942	751
Maitland	3.1	13,034	1,025
Minchinbury	3.1	12,048	1,377
Port Macquarie	2.0	8,801	743
Thornleigh	1.2	5,301	1,063
Wollongong	2.7	12,559	1,106
<b>Total</b>	<b>23.9</b>	<b>99,135</b>	<b>10,325</b>
<b>Queensland</b>			
Burleigh Heads	3.3	12,522	1,215
Cairns	2.6	10,601	1,061
Cannon Hill	2.8	12,676	1,186
Cannon Hill Distribution Centre	0.7	4,181 <sup>2</sup>	341
Hemmant Distribution Centre	3.5	18,250 <sup>2</sup>	1,283
Hervey Bay <sup>8</sup>	3.5	11,070	905
Morayfield	3.0	10,581	977
Rocklea	3.2	12,516	1,384
Southport	3.5	12,431	1,204
Underwood	2.9	12,245	1,117
<b>Total</b>	<b>29.0</b>	<b>117,073</b>	<b>10,673</b>
<b>Grand Total</b>	<b>156.1</b>	<b>644,004</b>	<b>57,647</b>

<sup>1</sup> total retail area of the Bunnings Warehouse

<sup>2</sup> gross lettable area

<sup>3</sup> includes minor adjoining land for which Bunnings Group Limited pays the Trust an access fee of \$20,194 per annum; access fee income not included in above numbers

<sup>4</sup> development site for which Bunnings Group Limited pays the Trust an access fee of \$602,470 per annum

<sup>5</sup> includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,959 per annum; access fee income not included in above numbers

<sup>6</sup> includes land (0.4 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$68,000 per annum; access fee income not included in above numbers

<sup>7</sup> includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum; access fee income not included in above numbers

<sup>8</sup> includes adjoining properties (0.4 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$60,417 per annum; access fee income not included in above numbers

Objective: Protect  
unitholders' interests

Average lease  
expiry (years)

2006

8.5

# REPORT TO UNITHOLDERS

The directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, are pleased to present this interim report to unitholders covering the financial results of the Trust for the six months to 31 December 2006 and a brief overview of the activities of the Trust.

Activities during the period included the acquisition of an established Bunnings Warehouse property, the completion of property upgrades to three Bunnings Warehouses, five market rent reviews and strong upward revaluation of the fair value of the portfolio.

## **Financial results**

Total income for the period was \$28.8 million, up by 5.8 per cent from last year's \$27.2 million due to the additional income received from additions to the property portfolio, market rent reviews and annual indexation of rentals to the consumer price index.

The Trust reported a distributable profit of \$19.4 million earned during the half-year, an increase of 3.1 per cent on the distributable profit of \$18.8 million in the comparative period last year.

Finance costs of \$6.5 million were 10.2 per cent higher than the comparative six months due to an increased average level of debt from \$192 million to \$208 million and the increase in weighted average interest rates from 5.89 per cent to 5.98 per cent.

## **Interim distribution**

An interim distribution of 6.42 cents per ordinary unit has been declared. This is an increase of 3.2 per cent on the prior corresponding period (6.22 cents per unit).

Interim distributions will be made on 23 February 2007 to unitholders on the Trust's register as at 5.00 pm on 29 December 2006.

The estimated tax advantaged component of the distribution is 23.66 per cent.

## **Property acquisitions, developments and upgrades**

During the half-year, the Trust purchased an established Bunnings Warehouse property at North Belmont, in New South Wales, approximately 16 kilometres south of the Newcastle CBD. The 8000 series Bunnings Warehouse was acquired for \$10.85 million from a third party and is subject to a lease with Bunnings Group Limited until March 2016, with two options for a further five years each, exercisable by the tenant.

The Trust also completed upgrades to properties at Cairns in Queensland (\$0.9 million, finalised in September 2006), Croydon in Victoria (\$5.6 million, finalised in October 2006), and Lismore in New South Wales (\$0.6 million, finalised in September 2006).

The remaining vacant showroom adjacent to the Bunnings Warehouse at Bayswater has been leased as an Autobarn outlet for an initial seven year term commencing November 2006 and two options of five years each, exercisable by the tenant.

Total capital expenditure on the portfolio during the half-year amounted to \$19.0 million.

At 31 December 2006 the average lease expiry term of the portfolio was 8.5 years.

## **Market rent reviews**

During the period market rent reviews were scheduled for five properties, one of which has been agreed and the remainder are being independently determined or negotiated.

Both parties have agreed to no increase in rent at Frankston in Victoria as the passing rental was considered to be at the market level.

Independent valuers have been appointed to determine the market rent for Mindarie, Midland and Geraldton. Negotiations are continuing regarding the market rent for Coffs Harbour.

## **Revaluations**

During the half-year the entire Trust portfolio was revalued in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS).

Eleven property revaluations during the period were performed by independent valuers. The remaining 42 properties were subject to directors' revaluations. The directors' revaluations are subject to review by an independent valuer.

The value of the portfolio increased to \$834.4 million following net revaluation gains of \$94.3 million and \$19.0 million capital expenditure during the six month period ended 31 December 2006. The net revaluation gains reflect the effects of rental growth and continued yield compression in the property market.

The net revaluation gain of \$94.3 million is recorded as an unrealised gain in the Income and Distribution Statement and in accordance with a resolution passed by unitholders in December 2005 will not be distributed to unitholders.

## **Financial position**

As at 31 December 2006 the Trust's total assets had grown to \$846.7 million with unitholders' equity of \$599.9 million and total liabilities of \$246.8 million.

The Trust's gearing ratio (debt to total assets) at 31 December 2006 was 25.9 per cent, and within the preferred range of 20 to 40 per cent.

## **Unitholder return**

The Trust's unit price at 31 December 2006 was \$2.16, up 10.8 per cent from \$1.95 at the same time last year.

The Trust provided unitholders with a total return, comprising capital appreciation and distributions, of 17.3 per cent in the 2006 calendar year compared with 14.0 per cent for the 2005 calendar year.

## **Interest rate management**

The Trust has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions. The responsible entity continues to actively manage the Trust's exposure to interest rates, taking additional cover as considered appropriate to meet debt related commitments.

At 31 December 2006, the Trust's hedging cover was \$177 million against interest bearing debt of \$219 million. The average interest rate paid on debt after hedging but excluding margins for the six month period was 5.98 per cent, compared with 5.89 per cent for the prior corresponding period.

## **Outlook**

While disappointed by the lack of acquisitions from Bunnings Group Limited during the half-year, the Trust will continue to actively pursue further acquisitions from both Bunnings Group Limited and elsewhere.

## **Internet site**

The Bunnings Warehouse Property Trust internet site, [www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au) is a useful source of information for unitholders. It includes details of the Trust's property portfolio, current activities and future prospects.

The site provides access to annual and half-year reports and also contains releases made to the Australian Stock Exchange covering matters of relevance to investors.

## **Distribution Reinvestment Plan**

In view of the gearing level of the Trust the directors have resolved to keep the Distribution Reinvestment Plan suspended until further notice.

Thank you for your ongoing support of the Bunnings Warehouse Property Trust.

For Bunnings Property Management Limited.



**Bill Cairns**  
CHAIRMAN



**Grant Gernhoefer**  
GENERAL MANAGER

8 February 2007



# CONDENSED INCOME STATEMENT AND DISTRIBUTION STATEMENT

For the half-year ended 31 December 2006

	December <b>06</b> \$000	December <b>05</b> \$000
<b>Continuing operations</b>		
Rental income	27,960	26,575
Other property income	589	533
Interest income	158	61
Other income	42	-
Total income	<u>28,749</u>	<u>27,169</u>
Unrealised gain in fair value of investment properties	94,319	15,807
Responsible entity's fees	(2,177)	(1,896)
Other operating expenses	<u>(714)</u>	<u>(588)</u>
Net profit from continuing operations before finance costs	120,177	40,492
Finance costs	<u>(6,496)</u>	<u>(5,897)</u>
Net profit from continuing operations attributable to unitholders of Bunnings Warehouse Property Trust	<u>113,681</u>	<u>34,595</u>
<b>Distribution statement</b>		
Net profit attributable to unitholders of Bunnings Warehouse Property Trust	113,681	34,595
Undistributed income at the beginning of the period	171,199	133,964
Distributions paid or payable	<u>(19,352)</u>	<u>(18,749)</u>
<b>Undistributed income at the end of the period</b>	<u>265,528</u>	<u>149,810</u>
Basic and diluted earnings (cents per unit) for the half-year	37.7	11.5
Basic and diluted earnings (cents per unit) for the half-year excluding unrealised gain in fair value of properties	6.42	6.23
Interim distribution (cents per unit) for the half-year	6.42	6.22

The condensed income statement and distribution statement should be read in conjunction with the accompanying notes.

# CONDENSED BALANCE SHEET

As at 31 December 2006

	December <b>06</b> \$000	June <b>06</b> \$000	December <b>05</b> \$000
<b>Current assets</b>			
Cash assets	5,707	6,212	5,728
Other receivables	1,585	344	591
Derivative financial instruments	57	36	-
<b>Total current assets</b>	<u>7,349</u>	<u>6,592</u>	<u>6,319</u>
<b>Non-current assets</b>			
Investment properties (refer Note 2)	834,400	721,125	695,300
Other receivables	850	850	850
Derivative financial instruments	4,134	3,045	-
<b>Total non-current assets</b>	<u>839,384</u>	<u>725,020</u>	<u>696,150</u>
<b>Total assets</b>	<u>846,733</u>	<u>731,612</u>	<u>702,469</u>
<b>Current liabilities</b>			
Payables	8,386	6,918	7,826
Interest-bearing loans and borrowings	-	149,430	-
Derivative financial instruments	-	34	532
Distribution payable	19,352	19,262	18,749
<b>Total current liabilities</b>	<u>27,738</u>	<u>175,644</u>	<u>27,107</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	219,063	51,469	195,818
<b>Total non-current liabilities</b>	<u>219,063</u>	<u>51,469</u>	<u>195,818</u>
<b>Total liabilities</b>	<u>246,801</u>	<u>227,113</u>	<u>222,925</u>
<b>Net assets</b>	<u>599,932</u>	<u>504,499</u>	<u>479,544</u>
<b>Unitholders' equity</b>			
Issued capital	330,233	330,233	330,233
Reserves	4,171	3,067	(499)
Undistributed income	265,528	171,199	149,810
<b>Total unitholders' equity</b>	<u>599,932</u>	<u>504,499</u>	<u>479,544</u>
<b>Net tangible asset backing per unit</b>	<b>\$1.98</b>	<b>\$1.67</b>	<b>\$1.59</b>

The condensed balance sheet should be read in conjunction with the accompanying notes.

## CONDENSED CASH FLOW STATEMENT

For the half-year ended 31 December 2006

	December <b>06</b> \$000	December <b>05</b> \$000
<b>Cash flows from operating activities</b>		
Rent received	31,409	28,681
Payments to suppliers	(3,467)	(857)
Payments to the responsible entity	(2,111)	(1,996)
Interest received	158	61
Finance costs	(6,360)	(6,106)
<b>Net cash flows from operating activities</b>	<b>19,629</b>	<b>19,783</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of, and additions to, the Trust's property investments	(19,036)	(30,208)
<b>Net cash flows used in investing activities</b>	<b>(19,036)</b>	<b>(30,208)</b>
<b>Cash flows from financing activities</b>		
Proceeds of borrowings	18,164	29,000
Distributions paid	(19,262)	(18,599)
<b>Net cash flows (used in)/from financing activities</b>	<b>(1,098)</b>	<b>10,401</b>
Net decrease in cash	(505)	(24)
Cash at the beginning of the period	6,212	5,752
<b>Cash at the end of the period</b>	<b>5,707</b>	<b>5,728</b>

The condensed cash flow statement should be read in conjunction with the accompanying notes.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2006

	Issued capital \$000	Undistributed income \$000	Reserves \$000	Total \$000
<b>Balance at 1 July 2005</b>	330,233	133,964	(1,204)	462,993
Movement in hedge derivatives	-	-	705	705
Total income and expense for the period recognised directly in equity	-	-	705	705
Net profit for the period	-	34,595	-	34,595
Equity distributions	-	(18,749)	-	(18,749)
Balance at 31 December 2005	330,233	149,810	(499)	479,544
<b>Balance at 1 July 2006</b>	330,233	171,199	3,067	504,499
Movement in hedge derivatives	-	-	1,104	1,104
Total income and expense for the period recognised directly in equity	-	-	1,104	1,104
Net profit for the period	-	113,681	-	113,681
Equity distributions	-	(19,352)	-	(19,352)
Balance at 31 December 2006	330,233	265,528	4,171	599,932

The condensed statement of changes in equity should be read in conjunction with the accompanying notes.

# NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 31 December 2006

## 1 Basis of preparation of the half-year financial report

The financial report of Bunnings Warehouse Property Trust (the Trust) for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 8 February 2007. The Trust was constituted under a Trust Deed dated 18 June 1998 as amended. The Trust is managed by Bunnings Property Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of the Trust as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Trust during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### (a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Constitution of the Trust, the Corporations Act 2001, applicable Accounting Standards including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half-year financial report has been prepared on an historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) under the option available to the Trust under ASIC Class Order 98/0100.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### (b) Statement of compliance

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

Australian Accounting Standards and Urgent Issues Group Interpretations that have recently been issued or amended and are effective from 1 July 2006 have resulted in no material changes in accounting policies and therefore no material impact on the Trust's financial performance or position for the half-year.

# NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 31 December 2006

## 2 Investment properties

	Balance at 30 June 2006 \$000	Movement during the period \$000	Balance at 31 December 2006 \$000
Purchase price	<b>353,435</b>	10,850	364,285
Acquisition costs	<b>21,223</b>	634	21,857
Capital improvements since acquisition	<b>175,287</b>	7,472	182,759
Fair value adjustment	<b>171,180</b>	94,319	265,499
Fair value	<b>721,125</b>	113,275	834,400

Investment properties are carried at fair value. Fair value for individual properties is determined by a full independent valuation completed at least every three years by an independent valuer who holds a relevant professional qualification and has recent experience in the location and category of the investment property. During the six months to 31 December 2006, 11 property revaluations were performed by independent valuers.

Properties that have not been independently valued as at a balance date are carried at fair value by way of Directors' valuation. The methodology and assumptions of the Directors' valuations are subject to an independent verification process by Jones Lang LaSalle.

During the half-year the Trust purchased from a third party an established Bunnings Warehouse property at North Belmont, New South Wales, for a purchase price of \$10.85 million. The property is leased to Bunnings Group Limited until March 2016 with two options for a further five years each exercisable by the tenant.

During the half-year upgrades were completed to properties at Cairns, Queensland (\$0.9 million); Croydon, Victoria (\$5.6 million) and Lismore, New South Wales (\$0.6 million).

## 3 Segment reporting

The Trust operates wholly within Australia and derives rental income from investments in commercial property.

## 4 Issued capital

There was no movement in ordinary units on issue during the current period.

# NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 31 December 2006

## 5 Events after the balance sheet date

On 24 January 2007, the Trust purchased three office/warehouse properties from J Blackwood and Son Limited (Blackwoods), a wholly owned subsidiary of Wesfarmers Limited, for a total purchase price of \$19.36 million. The properties are located in key industrial areas in Sydney, Perth and Adelaide and are between 1.1 and 1.4 hectares in area. The properties are leased back to Blackwoods for an initial term of seven years with two five year options exercisable by Blackwoods. The leases for the Sydney and Perth properties allow Blackwoods to exit after three years. Blackwoods must provide 12 months' notice should it decide to exercise its option to exit either of these two properties, which should provide adequate time for the Trust to re-lease the properties.

In January 2007, the Trust committed to upgrade works at the Mandurah property with a cost of \$1.7 million. The incremental rent for the property will be \$139,000 per annum.

In early February 2007, the market rent review for Mindarie was determined by an independent valuer appointed by the President of the Australian Property Institute. The revised annual rent is \$1,195,000, a 19.7 per cent increase on the passing rent. The revised rent will apply from 5 September 2006.

## 6 Capital expenditure commitments

	December <b>06</b> \$000	December <b>05</b> \$000
Estimated capital expenditure contracted for at balance date, but not provided for, payable:		
Not later than one year		
Related Parties	5,758	6,709
Later than one year and not later than five years		
Related Parties	6,700	6,700
	<u>12,458</u>	<u>13,409</u>

# NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 31 December 2006

## **Maribyrnong, Victoria**

In June 2001, the Trust acquired a 3.4 hectare development site at Maribyrnong for a purchase price of \$7.1 million. The Trust has accepted a proposal from Bunnings Group Limited to develop a Bunnings Warehouse on the site for \$6.7 million. Under the terms of the proposal, the Trust will receive an annual rental of \$1,250,000 when a Bunnings Warehouse is developed on the site.

## **Mile End, South Australia**

In October 2006, the Trust committed to upgrade works at the Mile End property with a cost of \$2.4 million. The incremental rent for the property will be \$188,000 per annum.

## **Morayfield, QLD**

In December 2006, the Trust committed to upgrade works at the Morayfield property with a cost of \$3.4 million. The incremental rent for the property will be \$272,000 per annum.

## **7 Contingent assets and liabilities**

There have been no major changes since the last annual reporting date.



# DIRECTORS' REPORT

For the half-year ended 31 December 2006

In accordance with the Corporations Act 2001, Bunnings Property Management Limited (ABN 26 082 856 424), the responsible entity of Bunnings Warehouse Property Trust, provides this report for the financial half-year ended 31 December 2006. The information on pages 9 to 13 forms part of this directors' report and is to be read in conjunction with the following information:

## Directors

The names of directors of the responsible entity in office during the financial half-year and until the date of this report were:

W H Cairns  
J A Austin  
P J Mansell  
P J Johnston

Directors were in office for this entire period.

## Review and results of operations

The operations of the Trust during the six months to 31 December 2006 and the results of those operations are reviewed on pages 9 to 13 of this report and the accompanying financial statements.

	December <b>06</b> \$000	December <b>05</b> \$000
Net profit	<u>113,681</u>	<u>34,595</u>
Distributable income for the period	<u>19,362</u>	<u>18,788</u>
Opening undistributed profit	<u>18</u>	<u>16</u>
Adjustment on introduction of AIFRS	<u>-</u>	<u>(52)</u>
Distributable income	<u>19,380</u>	<u>18,752</u>

The interim distribution is 6.42 cents per ordinary unit (2005: 6.22 cents). This interim distribution will be made on 23 February 2007.

## Units on issue

At 31 December 2006, 301,435,539 units of Bunnings Warehouse Property Trust were on issue (30 June 2006: 301,435,539).

# DIRECTORS' REPORT

For the half-year ended 31 December 2006

## Auditor independence and non-audit services

The directors received the following declaration from the external auditor:



■ The Ernst & Young Building ■ Tel 61 8 9429 2222  
11 Mounts Bay Road Fax 61 8 9429 2436  
Perth WA 6000  
Australia  
GPO Box M939  
Perth WA 6843

## Auditor's Independence Declaration to the Directors' of Bunnings Property Management Limited

In relation to our review of the financial report of Bunnings Warehouse Property Trust for the financial half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Perth, 8 February 2007

C B Pavlovich  
Partner

Signed in accordance with a resolution of the directors of Bunnings Property Management Limited.

WH Cairns

Chairman  
Bunnings Property Management Limited

Perth, 8 February 2007

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bunnings Property Management Limited, responsible entity for the Bunnings Warehouse Property Trust (the Trust), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Trust's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of Bunnings Property Management Limited.



**WH Cairns**

Chairman

Bunnings Property Management Limited

Perth, 8 February 2007

# INDEPENDENT REVIEW REPORT

To the unitholders of Bunnings Warehouse Property Trust

## **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Bunnings Warehouse Property Trust ("the Trust"), which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

## **Directors' of Bunnings Property Management Limited Responsibility for the half-year Financial Report**

The directors of the responsible entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Trust's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# INDEPENDENT REVIEW REPORT

## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of Bunnings Property Management Limited, responsible entity of the Trust, a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Bunnings Warehouse Property Trust is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Bunnings Warehouse Property Trust's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



**Ernst & Young**

Perth, 8 February 2007



**C B Pavlovich**  
Partner



**BUNNINGS**  
**warehouse**





# visit us at

[www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au)

## DIRECTORY

### Responsible entity

Bunnings Property  
Management Limited  
ABN 26 082 856 424  
Level 11, Wesfarmers House  
40 The Esplanade  
PERTH WA 6000  
Telephone: (08) 9327 4417  
Facsimile: (08) 9327 4344  
[www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au)

### Directors and senior management

W H Cairns (Chairman)  
J A Austin (Director)  
P J Mansell (Director)  
P J Johnston (Director)  
G W Gernhoefer (General Manager)  
A M Niardone (Secretary)

### Registry manager

Computershare Investor  
Services Pty Limited  
Level 2, 45 St George's Terrace  
PERTH WA 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2033  
[www.computershare.com.au](http://www.computershare.com.au)

### Auditor

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000

### Stock exchange listing

The Bunnings Warehouse  
Property Trust is listed on the  
Australian Stock Exchange  
and reported in the "Industrial"  
section in daily newspapers  
– code BWP.

### Unitholder enquiries

Please contact the registry  
manager if you have any  
questions about your  
unitholding or distributions.

**BUNNINGS**  
WAREHOUSE PROPERTY TRUST