NOTICE OF UNITHOLDERS' MEETING AND EXPLANATORY MEMORANDUM

To consider the proposed acquisition of 10 Bunnings Warehouse properties and the upgrade of three existing Trust-owned Bunnings Warehouses

(including a report on the transaction from PricewaterhouseCoopers Securities Ltd as Independent Expert)

To be held on Monday 16 September 2013 at 10.00am AWST.

The Directors of the Responsible Entity recommend that unitholders vote in favour of the resolution to approve the acquisitions and upgrades.

The Independent Expert, PricewaterhouseCoopers Securities Ltd, has concluded that the Transaction is fair and reasonable to the unitholders not associated with a party to the Transaction.

This is an important document. Please read the information in this booklet very carefully. It is important that you either attend the meeting or complete and lodge the enclosed proxy form.

bwp TRUST

ARSN 088 581 097

CONTENTS

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IMPORTANT NOTICES

Purpose of this document

This Explanatory Memorandum has been prepared by BWP Management Limited ABN 26 082 86 424 ("the Responsible Entity"), in its capacity as responsible entity of BWP Trust ARSN 088 581 097 ("the Trust"), to provide unitholders with information regarding the resolutions to be considered at the meeting.

A copy of this Explanatory Memorandum has been provided to ASX pursuant to the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this document.

A number of defined terms are used in this Explanatory Memorandum. These terms are explained in section 7.

Not investment advice

The information contained in this Explanatory Memorandum does not constitute financial advice and has been prepared without taking into account the objectives, financial situation or needs of individuals (including financial and taxation issues). If you are in any doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser.

Disclaimer as to forward-looking statements

This Explanatory Memorandum contains certain "forward looking statements".

The forward-looking statements in this Explanatory Memorandum reflect views held only as at the date of this Explanatory Memorandum, and generally may be identified by the use of forward-looking words, such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance" or "plan" or other similar words. Indications of, and guidance on, future earnings, distributions and financial position and performance are also forward-looking statements. 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 the Responsible Entity, the Trust, 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. . Those risks and uncertainties include factors and risks specific to the industry in which the Trust operates, as well as general economic conditions, prevailing exchange rates and interest rates, and conditions in the financial markets. The historical performance of the Trust is no assurance of the Trust's future financial performance (whether the Transaction is implemented or not). Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. The Responsible Entity does not guarantee any particular rate of return or the performance of the Trust, nor does it guarantee the repayment of capital from the Trust or any particular tax treatment.

8 August 2013

Dear unitholder

BWP Management Limited, the Responsible Entity of the BWP Trust ("the Trust"), invites you to a unitholders' meeting to be held at 10.00am AWST on 16 September 2013 to vote on two resolutions.

The first resolution, which is the major item of business, is to approve a transaction with Bunnings Group Limited ("Bunnings"), a subsidiary of Wesfarmers Limited, under which the Trust will acquire 10 Bunnings Warehouse properties from Bunnings and fund the upgrade of three of the Trust's existing Bunnings Warehouses.

The second resolution, which is unrelated to the transaction with Bunnings, is to approve a number of changes to the Trust's constitution, which are designed to align the Trust's constitution with recent changes to the regulatory regime and developments in market practice.

Acquisition and upgrade of properties

The Directors of the Responsible Entity welcome the opportunity to add the new properties to the Trust's portfolio and to improve three of the Trust's existing Bunnings Warehouses. All of the new properties to be acquired by the Trust are located in metropolitan or large regional cities in New South Wales, Queensland, Victoria and Western Australia.

Of the properties to be acquired, two of the 10 properties are recently completed, operational Bunnings Warehouses and eight properties are development sites on which Bunnings will develop Bunnings Warehouses for the Trust. The two operational Bunnings Warehouses will be subject to leases with Bunnings for an initial term of 12 years from settlement. The remaining eight new Bunnings Warehouses once completed, and the three existing Bunnings Warehouses once upgraded, will be subject to leases with Bunnings for an initial term of 12 years.

Details of the properties are set out in sections 4.1 and 4.2 of the enclosed Explanatory Memorandum.

Consistent with the Trust's core purpose, the portfolio of Bunnings Warehouses to be acquired and leased to Bunnings and the upgrades to the Trust's existing Bunnings Warehouses are expected to provide unitholders with a secure, growing income stream and long-term capital growth.

The $271.3 million purchase price for the 10 new Bunnings Warehouses (being the combined purchase price of each when they are completed) plus transaction costs and the $19.9 million upgrade cost for the Trust's three existing Bunnings Warehouses will be funded by a mix of the Trust's existing debt facilities, future additional debt funding and the proceeds of a fully underwritten, 1 for 6.18 entitlement offer.

Information regarding the entitlement offer is provided in this document and additional detail is available in an announcement made to the ASX on Thursday, 8 August 2013 and in a Retail Entitlement Offer document which is to be sent to eligible unitholders. Details are also available on the Trust's web site at www.bwptrust.com.au.

The entitlement offer is not subject to unitholder approval and will proceed regardless of whether or not the resolution to approve the transaction with Bunnings 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, ensuring the viability of acquiring the new properties. An entitlement offer was considered to be more appropriate than other forms of raising equity, by allowing all eligible unitholders to participate on equal terms, on a pro-rata basis.

Due to the value of the various components of the transaction (being the properties to be acquired from and leased back to Bunnings, the property upgrades and the new leases of these properties) and the fact that the transaction is with Bunnings, a company related to the Responsible Entity, unitholder approval is required under the ASX Listing Rules. An independent expert's report prepared by PricewaterhouseCoopers Securities Ltd, a copy of which is included in section 5 of this document, concludes that the transaction with Bunnings, as proposed, is fair and reasonable to unitholders not associated with a party to the transaction.

Amendments to the Trust's constitution

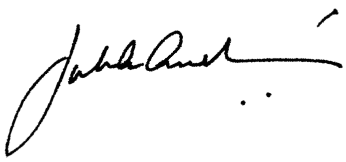
Unitholder approval will also be sought at the meeting for amendments to the Trust's constitution to update the constitution for recent changes to the regulatory regime applying to trusts. The proposed changes to the Trust's constitution are not related to the transaction with Bunnings and approval for the changes is being sought at this time as a matter of convenience and efficiency given that the unitholder meeting is being held to approve the transaction with Bunnings.

Details of the resolutions relating to the proposed transaction with Bunnings and the proposed changes to the Trust's constitution, together with the arrangements for the meeting, are provided in the accompanying Notice of Meeting and Explanatory Memorandum. I encourage you to read these carefully and vote, either by proxy or in person, at the unitholders' meeting to be held on **Monday, 16 September 2013 at 10.00am AWST in the Botanical Rooms, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia.** If you are unable to attend the meeting, a proxy form has been enclosed and I encourage you to return your vote in the reply-paid envelope provided.

Five Directors of the Responsible Entity recommend that unitholders vote in favour of the resolution to approve the transaction with Bunnings. One Director has abstained from making a recommendation to unitholders due to a disclosed interest in the transaction. (Refer "Directors' interests" on page 14).

All Directors of the Responsible Entity recommend that unitholders vote in favour of the resolution to approve the amendments to the Trust's constitution.

Yours sincerely



JA Austin
Chairman
BWP Management Limited

2. NOTICE OF MEETING OF UNITHOLDERS

Time:	10.00am AWST
Date:	Monday, 16 September 2013
Place:	Botanical Rooms Crown Perth Convention Centre Great Eastern Highway Burswood, Western Australia

Notice is hereby given that a general meeting of unitholders of BWP Trust will be held in the Botanical Rooms, Crown Perth Convention Centre, Great Eastern Highway, Burswood, Western Australia on Monday, 16 September 2013 at 10.00am AWST.

BUSINESS OF THE MEETING

Resolution 1: Acquisition and upgrade of properties

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.1 and for all other purposes, the unitholders of the BWP Trust (the "Trust") approve and authorise BWP Management Limited, as responsible entity of the Trust, to enter into agreements with Bunnings Group Limited or its subsidiaries to acquire and lease back the "Warehouse Properties" and redevelop and enter into new leases of the "Upgrade Properties" as described in the Explanatory Memorandum and on the terms and conditions summarised in the Explanatory Memorandum accompanying the notice of meeting."

Independent Expert's Report: Unitholders should carefully consider the Independent Expert's Report contained in section 5 of this Explanatory Memorandum. The Independent Expert, PricewaterhouseCoopers Securities Ltd has concluded that the Transaction is fair and reasonable to the unitholders not associated with a party to the Transaction.

Resolution 2: Amendments to the Trust's constitution

To consider and, if thought fit, to pass, with or without amendment, the following as a special resolution:

"That the Trust's constitution be amended in the manner outlined in the Explanatory Memorandum accompanying the notice of meeting and set out in the amended constitution tabled by the Chair of the meeting and signed for the purpose of identification".

By order of the Board

KA Lange
Company Secretary
BWP Management Limited

8 August 2013

3. IMPORTANT INFORMATION

CHAIRMAN

The Responsible Entity has appointed its Chairman, Mr John Austin, as the Chairman of the meeting.

VOTING

Your vote is important. You are encouraged to attend and vote at the meeting. If you plan to attend the meeting, we ask that you arrive at the meeting venue early to complete registration formalities.

If you cannot attend the meeting, you should complete the proxy form accompanying this Notice of Meeting. Please read the instructions on the proxy form carefully.

HOW DO YOU EXERCISE YOUR RIGHT TO VOTE?

All unitholders appearing on the BWP Trust unit register at 10.00am AWST on Saturday, 14 September 2013 are entitled to attend and vote at the meeting.

On a show of hands you have one vote. On a poll you have one vote for each unit you hold.

Voting by Proxy

If you cannot attend, you may appoint a proxy to attend and vote for you. A proxy does not have to be a unitholder of the Trust. To ensure that all unitholders can exercise their right to vote on the proposed Resolutions, a proxy form is enclosed with this Notice of Meeting together with a reply-paid envelope.

Unitholders are entitled to appoint up to two persons to attend the meeting and vote and may specify the proportion or number of votes each proxy is appointed to exercise.

Proxy forms may be faxed (using the relevant fax number set out on the proxy form) or mailed to the registry's Melbourne office at GPO Box 1282, Melbourne, Victoria, 3001 in the reply-paid envelope provided, to be received not less than 48 hours before the time of the meeting. Alternatively, they can be deposited at the BWP Trust Registry, Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth WA 6000 in person to be received not less than 48 hours before the time of the meeting.

The proxy form provides details of what you need to do to appoint a proxy to attend and vote for you. Additional instructions are provided on the reverse of the form.

Jointly held units

If your units are jointly held, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held units, only the vote of the holder whose name first appears on the register will be counted.

Corporations voting

In order to vote at the meeting a corporation, which is a unitholder, may appoint a proxy to vote on its behalf.

Alternatively, a corporation may appoint a person to act as its corporate representative. A representative does not have to be a unitholder of the Trust. The appointment must comply with section 253B of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including any authority under which it is signed.

VOTING EXCLUSIONS

None of BWP Management Limited, Wesfarmers Investments Pty Ltd, Bunnings and any of their associates can vote on Resolution 1 (to approve the Transaction), unless the vote is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form;
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- an associate of BWP Management Limited, provided that associate has no interest in Resolution 1 other than as a member of the Trust.

The voting limitations under the Listing Rules and the Corporations Act are complex. If you are in doubt as to your eligibility to vote on Resolution 1, you should seek legal advice.

Please refer to the Glossary in Section 7 for the meaning of any defined terms in this Explanatory Memorandum.

4.1 RESOLUTION 1 – Acquisition and upgrade of properties

Description of the proposed transaction

The Responsible Entity has reached agreement with Bunnings for the sale and leaseback by Bunnings of a portfolio of 10 properties ("Portfolio Acquisition") and the upgrade of three existing Trust-owned Bunnings Warehouses ("Upgrades"), together comprising "the Transaction". Details of the Portfolio Acquisition and Upgrades are provided below:

The Portfolio Acquisition entails:

> The Responsible Entity, on behalf of the Trust, acquiring from Bunnings a portfolio of two operational Bunnings Warehouses and eight development sites on which Bunnings will develop Bunnings Warehouses (collectively, "the Warehouse Properties").

> Bunnings completing the development of the Bunnings Warehouses for a fixed price on the eight development sites.

> Bunnings leasing the Warehouse Properties from the Trust for an initial fixed term of 12 years, with a further five optional terms of six years each, exercisable by Bunnings, at commencing annual rentals specified by Bunnings and on lease terms and conditions that have been agreed by the parties. For each of the development sites, Bunnings will pay the Trust an access fee until each of the Bunnings Warehouses is completed and the lease commences.

The total purchase price of approximately $271.3 million represents the total amount payable to Bunnings for the acquisition of the two operational properties and assumes completion of the eight Bunnings Warehouses to be developed by Bunnings. In addition, transaction costs of approximately $10.1 million will be incurred, although these are payments made to parties unrelated to Bunnings and the Trust. A summary of the Warehouse Properties, including the proposed purchase price and commencing rentals under the leases, as agreed with Bunnings, is included in Table 1.

Table 1– Summary of Warehouse Properties

State	Property	Status	Approx. land area (ha)	Gross lettable area[1] (sqm)	Initial net rent ($000)	Capitalisation rate (%)	Purchase price[2] ($000)	Estimated date of settlement/ completion
NSW	Rydalmere[3]	Development	4.8	13,434	2,810	7.25	38,760	Mar 14
QLD	Arundel	Operational	3.7	12,702	2,120	7.25	26,470[4]	Sep 13
QLD	Bethania	Operational	3.3	10,807	1,724	7.50	21,720[4]	Sep 13
QLD	Manly West	Development	2.1	11,129	2,050	7.00	28,100[4]	May 14
QLD	North Lakes	Development	4.1	16,083	2,420	7.00	32,370[4]	Nov 13
QLD	Townsville North	Development	3.4	10,176	1,545	7.50	19,860[4]	Dec 13
QLD	West Ipswich	Development	2.3	11,461	2,275	7.25	30,170[4]	May 14
VIC	Springvale[5]	Development	3.2	11,327	1,850	7.00	26,430	Dec 13
VIC	Sunbury	Development	3.4	11,393	1,661	7.00	23,730	Jun 14
WA	Ellenbrook	Development	3.2	11,272	1,715	7.25	23,660	Dec 13
Total/*average*			***3.3***	***11,978***	**20,170**	**7.19[6]**	**271,270**	

1 Gross lettable area is the fully enclosed covered area of the Bunnings Warehouse.
2 For development properties, the total price on completion of development.
3 Rydalmere acquisition is subject to subdivision approval of vacant surplus land to be retained by Bunnings. In the unlikely event that subdivision approval is not obtained the acquisition of the property will not proceed.
4 Purchase price is based on commencing rent less non-recoverable land tax.
5 Springvale acquisition is subject to the Responsible Entity being satisfied with the results of its due diligence.
6 Weighted average by purchase price.

4 EXPLANATORY MEMORANDUM

Rent reviews

The initial rents for each of the Warehouse Properties have been specified by Bunnings. Under the respective leases for each of the Warehouse Properties rent increases by a fixed three per cent per annum. At the end of the initial term and the exercise of each option by Bunnings, the rents are subject to a market rent review, having regard to the rents paid at comparable properties. Market rent reviews for the Warehouse Properties are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

Development properties

Eight of the Warehouse Properties are being acquired as land or development sites with partly constructed Bunnings Warehouses that are being developed by Bunnings. For each of these eight development sites, the Trust is acquiring the sites from Bunnings subject to an agreement to develop and lease back the sites by Bunnings, which fixes the development costs.

From completion of the sale contracts for the development sites until the development is completed and ready for Bunnings' occupation under the lease, the Trust will receive a monthly payment ("access fee") equivalent to 7.19 per cent per annum of the purchase price. Bunnings is responsible for paying outgoings for all eight development sites until completion of the construction works. The Trust only pays the development costs to Bunnings once the construction works are completed for each site and the Bunnings lease commences. At that point, the Trust will commence receiving rent from Bunnings. The access fee and Bunnings' responsibility for outgoings costs (other than is provided in the lease) will then cease.

If the development of any development site is not completed by a specified sunset date, then the Trust is able to require Bunnings to buy the site from the Trust for the value of the purchase price and other acquisition costs paid by the Trust.

Further details of the Warehouse Properties and the terms and conditions of leases are included at sections 4.2 and 6 of this document.

The Upgrades entail:

- The Trust agreeing to fund expansions of the existing Trust-owned Bunnings Warehouses at Minchinbury (NSW), Rocklea (QLD) and Rockingham (WA), (collectively, "the Upgrade Properties").
- The Trust engaging Bunnings as project manager to undertake the design, procurement and construction works required for each of the Upgrade Properties.
- On completion of the Upgrades, in addition to the existing rent for each of the respective Upgrade Properties, Bunnings paying the Trust a 7.25 per cent return on the total outlay for the upgrade, including development costs and the cost of additional land acquired for the purposes of the upgrades at Minchinbury and Rocklea.
- On completion of the Upgrades, the Responsible Entity, on behalf of the Trust, will enter into a new 12 year lease with Bunnings at each of the Upgrade Properties with four, six-year options, exercisable by Bunnings.

The additional cost of funding the Upgrades of approximately $19.9 million represents the amount payable to Bunnings for undertaking the upgrades to the Upgrade Properties and the acquisition of a parcel of land adjoining the existing Bunnings Warehouse at Rocklea ($1.0 million). A summary of the Upgrade Properties, including the development costs, as agreed with Bunnings, and impact on the fair value of the properties is included in Table 2.

Table 2– Summary of Upgrade Properties

State	Property	Surplus land ($000)	Development cost[1] ($000)	Rent ($000) Current[2]	Rent ($000) On completion[3]	BWP Trust Fair Value ($000) Current[2]	BWP Trust Fair Value ($000) On completion[3]	Estimated completion date
NSW	Minchinbury	4,257[4]	8,576	1,676	2,682	26,557[5]	35,800	Jul 14
QLD	Rocklea	1,000[6]	4,272	1,548	1,977	17,500	23,500	Oct 13
WA	Rockingham	-	6,000	1,548	2,048	20,600	27,300	Mar 14
Total		**5,257**	**18,848[7]**	**4,772**	**6,707**	**64,657**	**86,600**	

1 Includes construction cost, consultants' fees and statutory contributions.

2 As at 30 June 2013.

3 As at estimated completion date.

4 0.5 hectare site acquired in March 2011 by the Trust for $4.3 million (including acquisition costs) to allow for future expansion.

5 Comprising $22.3 million for the Bunnings Warehouse plus the total capital outlay for the adjoining land.

6 0.1 hectare site to be acquired from Bunnings for $1.0 million on completion of the development.

7 Total additional development spend is $19.9 million, comprising the $18.9 million development cost and $1.0 million for the acquisition of a parcel of land adjoining the existing Bunnings Warehouse at Rocklea.

Lease terms on completion of Upgrades

On completion of the Upgrades the Responsible Entity, on behalf of the Trust, and Bunnings will enter into a new 12 year lease of the Bunnings Warehouses with four, six-year options, exercisable by Bunnings. The rent will be reviewed annually to the consumer price index ("CPI") and is subject to a market rent review at the exercise of each option. At the exercise of the first option, at the commencement of year 13, the revised rent can be no lower than the rent in the immediately preceding year, but may not increase by more than 10 per cent of the preceding year's rent. Thereafter, market rent reviews are subject to a 10 per cent cap and collar, meaning that the rent cannot rise or fall by more than 10 per cent of the preceding year's rent.

All other terms and conditions of the existing leases will remain the same.

Funding the Transaction

On 8 August 2013 the Responsible Entity announced a fully underwritten 1 for 6.18 accelerated non-renounceable entitlement offer of additional fully paid units in the Trust ("Entitlement Offer") which is expected to raise approximately $200 million. The Transaction is subject to the Trust raising sufficient equity on or before 1 October 2013. The Entitlement Offer is being undertaken to fund, together with existing debt facilities and future additional debt funding, the purchase price and all other costs of the Transaction. The proceeds of the Entitlement Offer will also be used to fund the acquisition of a further Bunnings Warehouse-anchored bulky goods centre ("Hoxton Park Central") from an unrelated third party, further details of which are included in the relevant public documents lodged with the ASX on 8 August 2013. The acquisition of Hoxton Park Central does not require unitholder approval.

The Entitlement Offer is not subject to unitholder approval and will proceed regardless of whether or not Resolution 1 is passed. The decision to undertake the Entitlement Offer in advance of the unitholders' meeting to consider the Transaction was based on a number of factors, including:

- *Funding certainty:* the Entitlement Offer is fully underwritten, providing certainty of the availability and cost of the majority of the funding for the Transaction. Its completion enables the Trust to maintain a conservatively geared balance sheet to provide financial flexibility for funding further acquisition opportunities and capital improvements to existing Trust properties. Completion of the Entitlement Offer provides greater certainty of the earnings impact of the Transaction.
- *Reduced execution risk:* undertaking the Entitlement Offer in advance of the unitholders' meeting avoids the challenge associated with raising equity after the announcement of a major transaction. Any delay in undertaking the Entitlement Offer may expose the Trust to market movements which could potentially lead to the Entitlement Offer being conducted at a lower price, which would have a negative impact on certain financial metrics of the Transaction due to the greater number of new units issued.

The funding requirements for the Transaction will be satisfied initially from the proceeds of the Entitlement Offer, with the balance of funding required for the Transaction, as the Bunnings Warehouses are developed and upgraded, to come from the Trust's existing debt facilities and future additional debt funding (see footnote 3 on page 8).

Financial impact

Units issued under the Entitlement Offer will rank equally with existing units and will be entitled to the full amount of the interim distribution for the six months ending 31 December 2013. Allowing for the additional units issued under the Entitlement Offer, the forecast distribution for the six months to 31 December 2013 is 6.8 cents per unit. The forecast distribution for the six months to 30 June 2014 is 7.8 cents per unit. The distribution for the full year ending 30 June 2014 is therefore expected to be 14.6 cents per unit.[1] The Transaction is expected to have a neutral impact on this forecast and is expected to be approximately 2 per cent accretive for the year ending 30 June 2015.

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. Adjusting for the impact of the Transaction and Entitlement Offer, the average interest rate is 6.7 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 waiver by the Responsible Entity of its entitlement to the management fee from the Trust relating to the 10 Warehouse Properties being acquired from Bunnings. 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 2014. The full management fee will be payable on the 10 Warehouse Properties from 1 July 2014 and the expected impact for the year ending 30 June 2015 assumes the full management fee is paid.

Table 3 – Pro-forma financial position impact of the Transaction

As at 30 June 2013	Pre Transaction and Entitlement Offer	Pro-forma post Transaction and Entitlement Offer[2]
Number of units on issue (million)	538	627
Total assets ($000)	1,398,689	1,740,877
Total debt ($000)	296,492	473,801[3]
Gearing (debt/total assets)	21.2%	27.2%
Net tangible assets per unit	$1.93	$1.98

If the Transaction is not approved by unitholders, the net proceeds of the Entitlement Offer would be used to fund the purchase of Hoxton Park Central, repay debt and held on deposit for future capital expenditure and acquisition opportunities. In addition, costs to close out interest rate swaps $1.7 million and costs incurred to date in pursuing the Transaction (estimated at approximately $0.25 million) would be written off in the year ending 30 June 2014, reducing the full year distribution for the year ending 30 June 2014 to an estimated 13.7 cents per unit. The pro-forma 30 June 2013 gearing would reduce to 11.8 per cent and pro-forma 30 June 2013 net tangible assets would be $1.98 per unit.

1 This forecast also takes into consideration the acquisition by the Trust of Hoxton Park Central.

2 For comparative purposes, the pro-forma financial position assumes that the entire Transaction and Entitlement Offer, as well as the acquisition of Hoxton Park Central settles on 30 June 2013, including properties with deferred settlement and developments. The pro forma financial position also adjusts for payment of the accrued distribution (approximately $33 million) and the issue of units under the Trust's distribution reinvestment plan (approximately 2.4 million units). Payment of the distribution and issuance of the units are expected to occur on 28 August 2013.

3 The Trust currently has approximately $430 million of bank bill facilities. The Trust intends to obtain future additional debt funding, at the appropriate time, to complete the Portfolio Acquisition and Upgrades. This may come from additional debt funding from the Trust's existing lenders or new lenders or additional debt funding from the debt capital markets utilising the Trust's A- credit rating from Standard and Poor's.

Advantages of the Transaction

The anticipated benefits to the Trust of the Transaction include:

1. The Transaction is expected to provide unitholders with a secure, growing income stream and long-term capital growth, consistent with the objectives of the Trust.

   a) The Transaction will be neutral to the Trust's distributions per unit for the year ending 30 June 2014 and is expected to be accretive in subsequent years.

   b) The Warehouse Properties will provide a platform for future earnings and capital growth based on:

      > Annual fixed rental increases of three per cent, other than in years where a market review is due, provide certainty of rental growth and establish a buffer against diminished rental growth for the Trust's CPI-indexed rents in a low inflationary environment (CPI increases of rents of Trust properties for the year ended 30 June 2013 averaged only approximately 1.7 per cent).

      > Market rent reviews provide the opportunity for market driven adjustment to rents, up to 10 per cent of the preceding year, at the exercise of each option.

      > Bunnings will own and be responsible for the ongoing repairs and maintenance, and replacement of the mechanical ventilation systems and the high bay lights in the Warehouse Properties, reducing the future costs to the Trust of maintaining the properties.

2. The Upgrades will modernise and improve the quality of three existing Trust assets, secure additional annual rental income on completion and increase the committed term of the leases:

      > The Upgrades are being undertaken in accordance with Bunnings' proposal to improve the size and configuration of trading area at each of the Upgrade Properties and generally improve the properties to make them more consistent with Bunnings' current standard.

      > The Upgrades will increase the annual rent derived by the Trust from each property, having regard to the amount of capital that the Trust is committing.

      > Extending the existing leases following the upgrades secures rental income from the Upgrade Properties beyond the current committed term of the leases.

   The improvement in the quality of the Upgrade Properties and the extension of the leases reduces the risk that the Trust may lose rental income and capital value in the event that Bunnings may otherwise have chosen to vacate any of the Upgrade Properties at the end of the current committed term and:

      > the Trust is unable to re-lease the property on at least the same terms (including rent) to another party; and/or

      > there is a delay in being able to re-lease the property, during which time the Trust earns no revenue from the property; and/or

      > the Trust is required to provide a new tenant with incentives to lease the property, including lump sum payments or rent free periods during which the Trust earns no revenue from the property; or

      > Bunnings agrees to exercise its option to continue to lease the property, but at a lower rental or for other concessions.

   Based on current rents, without taking into account rental growth through rent reviews, the increase in committed term would secure approximately $40.7 million of future committed rental income from the Trust's major tenant, Bunnings, over the average 6.0 year increase in the committed term of the leases.

3. The Transaction will maintain the geographic diversity of the Trust's portfolio and increase exposure to Queensland (refer to Table 4).

Table 4 – Geographic diversity of rental income as at 30 June 2013

State/Territory	Pre Transaction	Pro-forma, post Transaction
New South Wales/Australian Capital Territory	21%	20%
Queensland	22%	28%
South Australia	4%	3%
Victoria	35%	32%
Western Australia	18%	17%

4. The addition of the Warehouse Properties and the extension of leases for the Upgrade Properties increases the forecast weighted average lease expiry of the Trust's portfolio from 6.8 years to 7.9 years at 30 June 2013 (assuming the leases for all 10 properties have commenced and the Upgrades have been completed).

5. The Transaction is estimated to increase net tangible assets per unit from $1.93 as at 30 June 2013 to $1.98, on a pro-forma basis (refer to Table 3).

6. The opinion of the Independent Expert set out in section 5 of the Explanatory Memorandum, is that the Transaction is fair and reasonable for unitholders not associated with a party to the Transaction.

Disadvantages of the Transaction

The potential disadvantages for the Trust as a consequence of the Transaction include:

1. The extension of the leases for the Upgrade Properties commits those properties for between 19 and 21 years (average of 20 years) longer than when they would otherwise revert to the Trust. This defers the point in time at which the Trust may be able to negotiate new leases with Bunnings or another tenant on more favourable terms or at higher rents than under current leases, or put some of the subject properties to a higher and better use. Being able to re-lease at higher rents or use the properties for a higher value and better use may improve the earnings and capital growth from the properties.

   Assuming that Bunnings exercises all its existing options under the existing leases for the Upgrade Properties, it will be between 15 and 17 years from 30 June 2013 before the opportunity to re-lease or redevelop the Upgrade Properties arises. At this stage, the current use of the Upgrade Properties on completion of the upgrades constitutes the highest and best use of each property. The relatively long period until the properties revert to the Trust under the existing lease terms means that assessing the potential for alternative, better uses of individual properties at that stage is speculative.

2. Transaction costs of approximately $10.1 million, predominantly comprising stamp duty, are expected to be incurred in relation to the Transaction. However, these costs would be payable irrespective of whether the Properties were purchased from a related entity.

3. There are several risks associated with the Transaction which, if they were to occur, may have an adverse effect on unitholder returns. While not an exhaustive list, the following section outlines some of the key risks.

The Independent Expert's Report identifies other disadvantages.

Potential risks associated with the Transaction

While not an exhaustive list, the following potential risk factors may arise from the Transaction:

1. Returns may be reduced as a result of unanticipated expenditure on the upkeep of the Warehouse Properties. Under the leases the tenant is responsible for maintaining the properties. The Trust is responsible for any expenditure for repairs of a structural nature and for maintaining and replacing plant and equipment serving the properties, other than mechanical ventilation and high-bay lighting, which are owned and maintained by Bunnings. Structural repairs may be required as a result of:

    a) Fair wear and tear (gradual deterioration over time in the normal course of the life of the building and other improvements). This type of repair is generally predictable and is factored into financial analysis when considering the feasibility of acquiring the properties;

    b) Accidental damage, which is generally covered by building insurance (subject to policy exclusions and conditions); and

    c) Defects in design, materials or workmanship when the Warehouse Properties were constructed. The Trust has engaged engineering consultants to inspect each property prior to acquisition to determine any obvious or likely issues relating to the physical condition of the properties. Bunnings is responsible for rectifying any defects arising in respect of the construction works for the development sites and the Upgrade Properties for a period of 12 months after the works have been completed. On expiry of the defects rectification period, Bunnings is required to assign the benefit of the building contract to the Trust (which, for the development sites, will occur after completion of the acquisitions).

2. Returns may be reduced as a result of future funding costs being higher than anticipated. Approximately 43 per cent of the purchase price of the transaction will be subject to debt funding. A number of external factors can affect interest rates and the fees and margins lenders charge. The risks associated with the fluctuations in borrowing costs are managed as part of broader capital management practices of the Responsible Entity, including interest rate hedging and treasury management.

3. The capital values of the Warehouse Properties may be adversely affected by market factors or property specific issues. Market factors affecting property values are a broader industry risk and managed in the context of the Trust's longer-term strategies. Identifying property specific issues will be assisted by the due diligence process undertaken prior to acquisition. Other factors that may affect the future value of individual Warehouse Properties include changes in the local environment, such as changes to town planning or other local or State regulation, and changes in the physical, social or economic environment.

4. The Warehouse Properties may not achieve anticipated rental income. This may occur for a number of reasons, including:

    a) A tenant does not meet its obligations to pay rent as and when it becomes due. Bunnings' business is a mature business that has performed well in the past and continues to expand. The risk of Bunnings defaulting under the leases or its business becoming unviable is considered to be low.

    b) The rent does not grow over time as expected. Rents are subject to fixed annual increases except at the exercise of each option by the tenant, when rents are reviewed to market. There is no certainty of where rents of the Warehouse Properties will be relative to the market at the time of each market rent review; however, the lease provides that the annual rent cannot fall by more than 10 per cent of the preceding year's rent.

c) The non-recoverable ongoing costs of the property increase above expectations. Currently the most significant recurring cost of operating the Warehouse Properties for which the Trust would be responsible is land tax. The rates at which land tax is applied and the values at which properties are assessed are determined by the relevant Government authority in each jurisdiction. Adverse changes in land tax are deemed to be a broader industry risk that is considered acceptable.

d) The tenant does not exercise its options to extend the lease. This would result in an alternative tenant having to be secured, with potential for a period of no rent while the property is re-leased and, possibly, a lower commencing rent, depending on market conditions at the time. It is considered that there is a relatively low risk of Bunnings not exercising its first option over each Bunnings Warehouse, assuming no significant adverse change in Bunnings business, the broader economic and market conditions or the local environment.

5. The purchase price and all other costs of the Transaction will be part funded by existing debt facilities and part funded by future additional debt funding (see footnote 3 on page 8). There is a risk that the Trust may not be able to refinance some or all of its existing debt at maturity or that it may not be able to obtain additional debt on favourable terms. The terms on which the existing debt is refinanced may also be less favourable than at present.

6. Completion of the sales and purchases of the properties comprising the Portfolio Acquisition are subject to a number of conditions, including for example, subdivision approval (in the case of the Rydalmere property) and the Responsible Entity being satisfied with the results of its due diligence (in the case of the Springvale property). There can be no guarantee that all conditions will be satisfied and if the conditions are not satisfied the acquisitions may not proceed.

Requirement for unitholder approval

The Listing Rules require that unitholders approve the Transaction before it can be entered into. Unitholder approval is required under Listing Rule 10.1 because the Transaction:

- is between related parties, due to Wesfarmers Limited controlling both the Responsible Entity and Bunnings. Bunnings is also an associate of Wesfarmers Limited, which owns 24.3 per cent of the issued units in the Trust; and
- relates to "a substantial asset" of the Trust, being of a value of more than five per cent of unitholders' equity in the Trust, based on the aggregate purchase price that will be payable by the Trust to Bunnings for the Warehouse Properties, the amount to be paid to Bunnings for completing the works to the Upgrade Properties, and the value attributed to the additional duration of the new leases entered into with Bunnings for the Upgrade Properties.

Resolution 1 may be passed by a majority of eligible unitholders voting under an ordinary resolution (greater than 50 per cent of votes being cast in favour of the Resolution).

The related parties and financial benefits of the Transaction

Wesfarmers Limited, through a wholly owned subsidiary, owns 24.3 per cent of the issued units in the Trust. In addition, both the Responsible Entity and Bunnings are wholly owned subsidiaries of Wesfarmers Limited, making them related parties. The respective related parties will receive the following financial benefits as a result of the Transaction:

a) By acquiring the Warehouse Properties from Bunnings, the Responsible Entity, on behalf of the Trust, will become the registered proprietor of the properties.

b) By selling the Warehouses Properties, Bunnings as vendor will receive $271.3 million from the Trust for the properties.

c) Bunnings will be paid an amount for the cost of developing the eight development properties equal to the valuation upon completion less the cost of the initial price paid to Bunnings, which may be more or less than the construction costs, resulting in a potential development profit or loss to Bunnings.

d) Bunnings will be paid $18.9 million for the cost of upgrading the Upgrade Properties equal to the estimated cost of undertaking the Upgrades and $1.0 million to acquire a parcel of land adjoining the existing Bunnings Warehouse at Rocklea.

e) By entering into lease agreements for each of the Warehouse Properties and new leases for each of the Upgrade Properties, Bunnings will obtain exclusive possession of each Warehouse Property for the term of each respective lease.

f) By entering into lease agreements for each of the Warehouse Properties, the Trust will receive annual rental payments from Bunnings for the term of each lease; commencing at annual rents specified by Bunnings and adjusted each subsequent year according to the rent review provisions of the respective lease agreements.

g) By entering into new lease agreements for each of the Upgrade Properties, the Trust will receive annual rental payments from Bunnings for the term of each lease.

h) The Responsible Entity will be entitled to receive annual management fees from the Trust pertaining to the Warehouse Properties, equivalent to 0.585 per cent of the increase in the value of Trust's gross assets as a result of the Transaction. However, the Responsible Entity has agreed to waive 100 per cent of the management fee relating to the Warehouse Properties from the date of settlement until 30 June 2014.

i) The Transaction will be partly funded by the proceeds of the Entitlement Offer. Wesfarmers Limited, through a wholly owned subsidiary, is the Trust's major unitholder and a related party of Bunnings. Wesfarmers has indicated that it intends to take up its full entitlement under the Entitlement Offer. In taking up its entitlement Wesfarmers will indirectly be funding part of the Transaction. However, Wesfarmers will be excluded from voting on Resolution 1.

Directors' interests

Mr Tony Howarth AO, a Director of the Responsible Entity, is also a director of Wesfarmers Limited, the parent company of Bunnings. Mr Howarth has disclosed this interest to the Board of the Responsible Entity in accordance with the Responsible Entity's Directors' Conflict of Interests Policy.

Mr Howarth has advised that he will abstain from participation in discussions or decisions of the Board of Wesfarmers Limited in relation to the Transaction.

Mr Bryce Denison, a Director of the Responsible Entity, is the holder of shares in Wesfarmers Limited, the parent company of Bunnings. Mr Denison has advised that the number of shares held is material in terms of his personal financial position and he has disclosed this interest to the Board of the Responsible Entity in accordance with the Responsible Entity's Directors' Conflict of Interests Policy.

The Board of the Responsible Entity (consisting of all Directors other than Mr Howarth and Mr Denison) has considered these disclosures as required by the Directors' Conflict of Interests Policy, having regard to the nature of the interests disclosed and all relevant circumstances, and resolved that:

> Mr Howarth should not be disqualified from participating in discussions or decisions of the Board of the Responsible Entity relating to the Transaction, but should abstain from making or participating in any recommendation to unitholders in relation to the Transaction.

> Mr Denison should not be disqualified from:

  > participating in discussions or decisions of the Board of the Responsible Entity relating to the Transaction, or

  > making or participating in any recommendation to Unitholders in relation to the Transaction.

Otherwise, the Directors of the Responsible Entity have no interest in the Transaction except as:

> unitholders of the Trust; or

> shareholders of Wesfarmers Limited, the ultimate holding company of Bunnings and the Responsible Entity.

Directors' recommendation

Based on the Directors' detailed consideration and assessment of the Transaction and taking into account the advantages and disadvantages described in this Explanatory Memorandum and considering the opinion of the Independent Expert, the Directors of the Responsible Entity (other than Mr Howarth) unanimously recommend that unitholders vote in favour of Resolution 1.

Mr Howarth abstained from participation in the decision of the Board to recommend the Transaction to unitholders, due to his interest in the Transaction as a director of Wesfarmers Limited (parent company of Bunnings) – refer to the section headed "Directors' Interests" above.

Voting restrictions

In accordance with the Listing Rules and the Corporations Act, the Trust will disregard any votes on Resolution 1 by BWP Management Limited, Wesfarmers Investments Pty Ltd, Bunnings and any of their associates unless the vote is cast by:

> a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form;

> the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or

> an associate of BWP Management Limited, provided that associate has no interest in the Resolution other than as a member of the Trust.

Expert's Report

Under the Listing Rules, an independent expert's report must be included with this Explanatory Memorandum setting out whether the Transaction is fair and reasonable to unitholders not associated with a party to the transaction. An Independent Expert's Report is included in section 5 of this Explanatory Memorandum.

Unitholders should read the Independent Expert's Report in full.

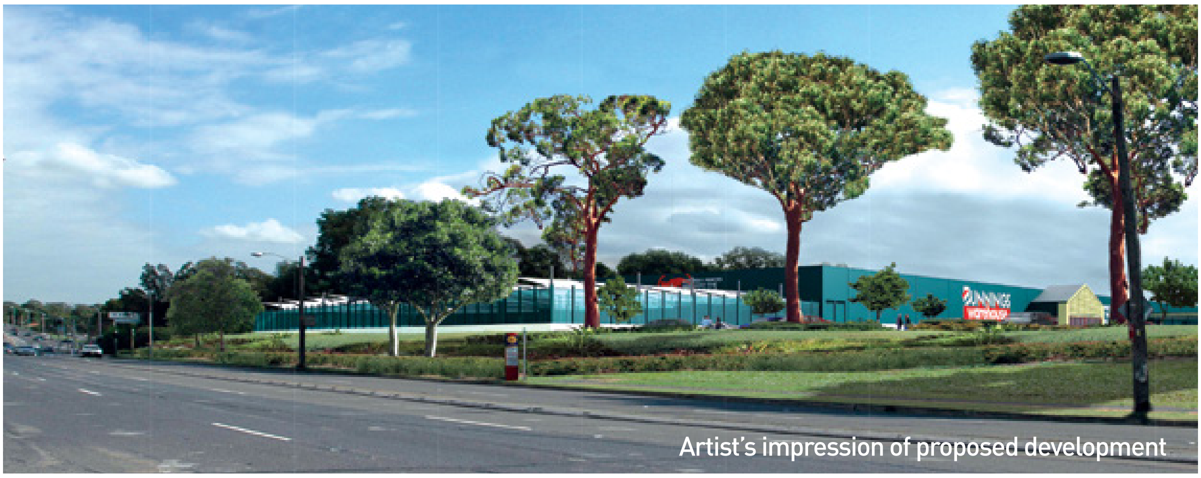
The Independent Expert has relied on valuation reports prepared for each property. The valuation reports can be made available for inspection by appointment at the offices of the Responsible Entity.

4.2 Property Details

Details of each of the 10 properties in the Portfolio Acquisition are provided on the following pages.

(1) Bunnings Warehouse – Rydalmere, New South Wales

300-320 Victoria Road, Rydalmere, New South Wales



Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in March 2014
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	13,434m^2 (fully enclosed covered area), 3,100m^2 (nursery)
Car parking bays:	456 at grade
Land area:	48,460m^2
Town planning zoning:	General Industrial
Interest valued:	Freehold, subject to agreed lease
Valuation:	$38.76 million on completion of the development
Proposed purchase price:	$38.76 million, comprising $25.82 million on settlement and $12.94 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$2,810,000 on the completion of the development
Capitalisation rate:	7.25% per annum on the completion of the development

The subject property is situated within an established industrial precinct in the suburb of Rydalmere, approximately 17 kilometres north-west of the Sydney central business district. Surrounding development within the immediate locality comprises showroom and industrial development, and established low density residential development.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(2) Bunnings Warehouse – Arundel, Queensland

292 Brisbane Road, Arundel, Queensland

Status:	Operating Bunnings Warehouse completed in June 2013
Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	12,702m^2 (fully enclosed covered area), 2,959m^2 (nursery)
Car parking bays:	475 at grade
Land area:	36,760m^2
Town planning zoning:	Industry 1
Interest valued:	Freehold, subject to agreed lease
Valuation:	$26.47 million
Proposed purchase price:	$26.47 million
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$2,120,000
Capitalisation rate	7.25% per annum (assumes annual rental of $1,919,000 after deducting estimated land tax)

The subject property is situated on the southern side of Brisbane Road approximately 67 kilometres south-east of the Brisbane central business district. Development within the immediately surrounding area comprises a variety of light industrial and showroom facilities.

The lease is based on the terms and conditions summarised in section 6.

(3) Bunnings Warehouse – Bethania, Queensland

9-11 Glasson Drive, Bethania, Queensland


Artist's impression of proposed development

Status:	Operating Bunnings Warehouse expected to be completed in August 2013
Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	10,807m^2 (fully enclosed covered area), 2,432m^2 (nursery)
Car parking bays:	355 at grade
Land area:	32,390m^2
Town planning zoning:	GC Industry 2
Interest valued:	Freehold, subject to agreed lease
Valuation:	$21.72 million
Proposed purchase price:	$21.72 million
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$1,724,000
Capitalisation rate	7.50% per annum (assumes annual rental of $1,629,000 after deducting estimated land tax)

The subject property is located in the outer south-eastern suburb of Bethania 33 kilometres south-east of the Brisbane central business district. Surrounding development predominantly comprises industrial complexes to the north and west and residential to the south.

The lease is based on the terms and conditions summarised in section 6.

(4) Bunnings Warehouse – Manly West, Queensland

398 Wondall Road, Manly West, Queensland

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in May 2014
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	11,129m^2 (fully enclosed covered area), 1,741m^2 (nursery)
Car parking bays:	384 undercroft
Land area:	21,028m^2
Town planning zoning:	Emerging Community Area
Interest valued:	Freehold, subject to agreed lease
Valuation:	$28.10 million on completion of the development
Proposed purchase price:	$28.10 million, comprising $6.80 million on settlement and $21.30 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$2,050,000 on completion of the development
Capitalisation rate	7.00% per annum on completion of the development (assumes annual rental of $1,967,000 after deducting estimated land tax)

The subject property is located on Wondall Road in Manly West approximately 16 kilometres east of the Brisbane central business district. There is a small industrial precinct situated directly to the north-west of the property and a college campus to the south. Established residential property otherwise dominates the catchment.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(5) Bunnings Warehouse – North Lakes, Queensland

2 Flinders Parade, North Lakes, Queensland

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in November 2013
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	16,083m^2 (fully enclosed covered area), 2,998m^2 (nursery)
Car parking bays:	486 at grade
Land area:	41,270m^2
Town planning zoning:	Mixed Industry & Business 'A' Sector One
Interest valued:	Freehold, subject to agreed lease
Valuation:	$32.37 million on completion of the development
Proposed purchase price:	$32.37 million, comprising $19.15 million on settlement and $13.22 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$2,420,000 on completion of the development
Capitalisation rate	7.00% per annum on completion of the development (assumes annual rental of $2,266,000 after deducting estimated land tax)

The subject property is situated within the northern section of the North Lakes Business Park, approximately 34 kilometres north of the Brisbane central business district. The business park is surrounded by a developing residential area known as the North Lakes residential estate.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(6) Bunnings Warehouse – Townsville North, Queensland

8 North Shore Boulevard, Burdell, Queensland

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in December 2013
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	10,176m^2 (fully enclosed covered area) 2,974m^2 (nursery), 1,051m^2 (canopy covered yard area)
Car parking bays:	279 at grade
Land area:	33,970m^2
Town planning zoning:	Rural 400 & Traditional Residential
Interest valued:	Freehold, subject to agreed lease
Valuation:	$19.86 million on completion of the development
Proposed purchase price:	$19.86 million, comprising $8.54 million on settlement and $11.32 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$1,545,000 on completion of the development
Capitalisation rate	7.50% per annum on completion of the development (assumes annual rental of $1,489,500 after deducting estimated land tax)

The subject property is situated near the main entrance to Stockland's North Shore residential community at Burdell, approximately 15 kilometres west of the Townsville central business district. The property is surrounded by a combination of vacant development sites and recently developed retail and commercial facilities.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(7) Bunnings Warehouse – West Ipswich, Queensland

Corner Brisbane and Clay Street, West Ipswich, Queensland

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in May 2014
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	11,461m^2 (fully enclosed covered area) 2,392m^2 (nursery), 1,124m^2 (canopy covered yard area)
Car parking bays:	388 undercroft
Land area:	22,460m^2
Town planning zoning:	Central Business District Residential High Density
Interest valued:	Freehold, subject to agreed lease
Valuation:	$30.17 million on completion of the development
Proposed purchase price:	$30.17 million, comprising $12.30 million on settlement and $17.87 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$2,275,000 on completion of the development
Capitalisation rate	7.25% per annum on completion of the development (assumes annual rental of $2,187,500 after deducting estimated land tax)

The subject property is situated on the corner of Brisbane Street and Clay Street at West Ipswich, approximately 42 kilometres south-west of the Brisbane central business district. A mixture of commercial, retail and industrial development directly surround the property while the outer surrounding area predominantly comprises established residential dwellings.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(8) Bunnings Warehouse – Springvale, Victoria

849-857 Princes Highway , Springvale, Victoria

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in December 2013
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	11,327m² (fully enclosed covered area), 2,167m² (nursery)
Car parking bays:	358 at grade
Land area:	31,737m²
Town planning zoning:	Industrial 1 Zone
Interest valued:	Freehold, subject to agreed lease
Valuation:	$26.43 million on completion of the development
Proposed purchase price:	$26.43 million, comprising $17.65 million on settlement and $8.78 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$1,850,000 on completion of the development
Capitalisation rate	7.00% per annum on completion of the development

The subject property is situated in the established industrial suburb of Springvale, approximately 22 kilometres south-east of the Melbourne central business district. Immediately surrounding the property are numerous industrial/service commercial businesses along the main road frontages.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(9) Bunnings Warehouse – Sunbury, Victoria

Corner Vineyard and McDougall Roads, Sunbury, Victoria

Artist's impression of proposed development

Status:	Vacant site for proposed Bunnings Warehouse development expected to be completed in June 2014
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	11,393m² (fully enclosed covered area), 2,454m² (nursery) 1,510m² (canopy covered yard area)
Car parking bays:	333 at grade
Land area:	33,827m²
Town planning zoning:	Industrial 3 Zone
Interest valued:	Freehold, subject to agreed lease
Valuation:	$23.73 million on completion of the development
Proposed purchase price:	$23.73 million, comprising $6.14 million on settlement and $17.59 million on completion of the development
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$1,661,000 on completion of the development
Capitalisation rate	7.00% per annum on completion of the development

The subject property is situated in the suburb of Sunbury, approximately 35 kilometres north-west of the Melbourne central business district. The property is located approximately one kilometre south of the Sunbury town centre and directly north of the Sunbury Business Park which is currently being developed.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

(10) Bunnings Warehouse – Ellenbrook, Western Australia

173 The Promenade, Ellenbrook, Western Australia

Artist's impression of proposed development

Status:	Partly constructed Bunnings Warehouse development expected to be completed in December 2013
Brief description:	A proposed high clearance warehouse trading as a bulky goods retail outlet with associated car parking
Tenant:	Bunnings
Gross lettable area (estimated):	11,272m^2 (fully enclosed covered area) 3,057m^2 (nursery), 1,075m^2 (canopy covered yard area)
Car parking bays:	393 at grade
Land area:	31,865m^2
Town planning zoning:	Special Use Zone 4 – City of Swan Commercial Enterprise – Ellenbrook Town Centre Development Plan
Interest valued:	Freehold, subject to agreed lease
Valuation:	$23.66 million on completion of the development
Proposed purchase price:	$23.66 million, comprising $10.97 million for the land and $12.69 million for the development cost
Estimated settlement:	September 2013
Lease term:	12 years + 5x6 year options
Commencing annual rental:	$1,715,000 on completion of the development
Capitalisation rate	7.25% per annum on completion of the development

The subject property is located on the southern alignment of The Promenade in Ellenbrook some 27 kilometres north-east of the Perth central business district. The property is located within the Ellenbrook Town Centre where development includes a range of retail, community, government and entertainment infrastructure.

The lease is based on the terms and conditions summarised in section 6.

The Responsible Entity and Bunnings have entered into an agreement for Bunnings to develop and lease the subject property. Bunnings is responsible for completing the development of the Bunnings Warehouse following settlement. From the date of settlement until the construction is completed, Bunnings will pay outgoings relating to the property and will pay the Trust an access fee of 7.19 per cent per annum of the purchase price.

4.3 RESOLUTION 2 – Amendments to the Trust's constitution

The changes proposed are intended to update the Trust's constitution for developments in market practice and the law since the constitution was last updated. Principally, it is proposed that the Trust's constitution be updated to reflect recent changes to the law governing managed investment schemes as a result of ASIC Class Order 13/655.

It is also proposed to amend the Trust's constitution to allow the Trust to satisfy distributions to unitholders under the distribution reinvestment plan through either the issue of further units or the transfer of units purchased on market.

A summary of the key changes to the Trust's constitution proposed by Resolution 2 is set out below.

A copy of the amended constitution, marked up to show the proposed changes is available on the Responsible Entity's website at www.bwptrust.com.au. Copies may be obtained by emailing the Responsible Entity at investorrelations@bwptrust.com.au.

Calculation of Market Price of a unit or option

Market Price: rule 1.4

The proposed amendment to rule 1.4 clarifies how the market price of a unit that will be issued on the exercise of an option is calculated at the time options are granted. The amendments provide that the 'Market Price' will be the average daily volume weighted average price or 'VWAP' (a new definition of 'VWAP' is proposed to be inserted in line with market practice) for a relevant calculation period. The calculation period is set by the Responsible Entity and must be at least five trading days.

The proposed amendment will bring the constitution into line with general market practice. The Trust does not currently have any options on issue.

Setting the Issue Price

Other issues of Units and Options: rule 5.6

Placement of Units without Unitholder approval: rule 5.7

Placement of Units with Unitholder approval: rule 5.8

Existing rule 5.6 sets out the terms upon which the Responsible Entity can set the issue price for a unit (or a unit issued on the exercise of an option) in the case of a rights issue or entitlement offer, under the Trust's distribution reinvestment plan and under a unit purchase plan, including the maximum discount at which units may be issued, being a 50 per cent discount to the market price for a rights issue and a 10 per cent discount to the relevant market price for a distribution reinvestment plan.

Existing rule 5.7 sets out the terms upon which the Responsible Entity can set the issue price for a unit in the case of placement to institutional or wholesale investors without unitholder approval. Existing rule 5.8 serves the same function, but in circumstances where unitholder approval is obtained for the placement. Following the introduction of ASIC Class Order 13/655 in June 2013, the constitution of the Trust is no longer required to set out a maximum discount to the market price at which a unit can be issued under a rights issue, a reinvestment of distributions or a unit purchase plan. The proposed amendments to rule 5.6 will incorporate ASIC Class Order 13/655 and any other relevant instrument issued by ASIC and remove the maximum discount under the constitution for a rights issue, reinvestment of distributions or a unit purchase plan and thereby give the Responsible Entity greater flexibility to issue units at an issue price which the Responsible Entity determines is in the best interests of unitholders under the prevailing market conditions.

In addition, the proposed deletion of rules 5.7 and 5.8 will clarify the current position under the law and the constitution that there is no restriction on the maximum discount applying to a placement, remove the restriction on issuing units to the Responsible Entity or any associate under a placement (though issues to the Responsible Entity or an associate will remain subject to the requirements of the Corporations Act and the Listing Rules), and in relation to a placement with unitholder approval, remove the requirement for a special resolution to be passed (with a minimum quorum requirement of 25 per cent), in line with the new Class Order.

Any exercise of discretion by the Responsible Entity in relation to setting the issue price of units will be in accordance with, and subject to, the Responsible Entity's Discretionary Unit Pricing Policy available at the Responsible Entity's website (www.bwptrust.com.au).

On-market purchase of units for the DRP

Distribution Reinvestment Arrangements: rule 9.8

The existing distribution reinvestment plan for the Trust provides that the Responsible Entity may satisfy distributions to unitholders by the issue of further units. The proposed amendments to rule 9.8 will allow the Responsible Entity to satisfy distributions to unitholders through either the issue of further units or the transfer of units purchased on market. For this purpose, unitholders will appoint a trustee nominated by the Responsible Entity as their agent to purchase the units on market.

Providing the ability to transfer units purchased on market will give the Responsible Entity more flexibility to administer the distribution reinvestment plan without the dilution of any existing unitholders' interests. In addition to the removal of the maximum discount applying to the distribution reinvestment plan discussed above, the Responsible Entity will be able to set the pricing period applying to the distribution reinvestment plan.

Definitions

It is proposed that a number of definitions be introduced, amended or deleted as a consequence of the proposed amendments set out above.

Directors' recommendation

Each Director of the Responsible Entity recommends that unitholders vote in favour of Resolution 2.

The Directors
BWP Management Limited
Level 11
40 The Esplanade
PERTH WA 6000

7 August 2013

Dear Directors

Proposed Transaction with Bunnings Group Limited

Introduction

You have requested us to provide an independent expert's report pursuant to Chapter 10 of the Listing Rules of Australian Securities Exchange Limited ("ASX") in relation to the proposed acquisition by BWP Management Limited ("BWPM") (as responsible entity for BWP Trust ("BWP Trust")) of two Bunnings Warehouses and eight development properties from a subsidiary of Bunnings Group Limited ("BGL"), the redevelopment of three existing Bunnings Warehouses owned by BWP Trust (collectively, "the Properties") and the leasing of the Properties to BGL ("the Proposed Transaction"). Both BWPM and BGL are wholly owned subsidiaries of Wesfarmers Limited ("Wesfarmers").

We have prepared this report and provided our opinion in accordance with the provisions of ASX Listing Rule 10.10 assessing whether, in our opinion, the terms of the Proposed Transaction, as set out in the following section, are fair and reasonable to the unitholders of BWP Trust who are not associated with Wesfarmers and its wholly owned subsidiaries.

This report is to accompany the Notice of Meeting and Explanatory Memorandum for the meeting of BWP Trust unitholders to be held on 16 September 2013.

Description of the Proposed Transaction

It is proposed that BWP Trust will acquire two established Bunnings Warehouses and eight development properties ("the development sites") from a subsidiary of BGL for a total consideration ("total costs") of approximately $271.3 million, including an initial acquisition payment of $155.6 million (hereafter, "acquisition costs").

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The Proposed Transaction includes the acquisition of development sites and the construction of Bunnings Warehouses on those sites by BGL (on behalf of BWP Trust). Pursuant to the proposed development agreements with BGL, BWP Trust will pay approximately $115.7 million to BGL in relation to the construction of the Bunnings Warehouses (hereafter, "development costs") with expected development completion dates ranging from November 2013 to June 2014. The payments by BWP Trust to BGL for the development of the sites are only payable once each development is complete and BGL commences occupation of the premises.

Until the construction of the development sites is completed and ready for BGL's occupation under the lease, BWP Trust will receive a monthly payment ("access fee") equivalent to 7.19% per annum of the acquisition costs. BGL must obtain the prior approval of BWP Trust to proposed variations to the developments. BWP Trust is not obligated to fund any variations which amount to in excess of $1 million per property and it will derive a market based rental in respect of agreed variations. BGL is responsible for paying outgoings on all development sites until completion.

The table below shows the total amounts to be paid to BGL in relation to the two Bunnings Warehouses and eight development properties to be acquired as part of the Proposed Transaction.

Property	***Acquisition costs $m***	***Development costs $m***	***Total Costs $m***
Arundel, Qld	26.47	-	26.47
Bethania, Qld	21.72	-	21.72
Manly West, Qld	6.80	21.30	28.10
North Lakes, Qld	19.15	13.22	32.37
Townsville North, Qld	8.54	11.32	19.86
West Ipswich, Qld	12.30	17.87	30.17
Springvale, Vic	17.65	8.78	26.43
Sunbury, Vic	6.14	17.59	23.73
Rydalmere, NSW	25.82	12.94	38.76
Ellenbrook, WA	10.97	12.69	23.66
	155.56	115.71	271.27

In addition to the acquisition and development costs to be paid to BGL, transaction costs (mainly stamp duty) are estimated to be approximately $10.1 million. Pursuant to Accounting Standards, these costs may be capitalised by BWP Trust upon initial recognition of the properties.

The redevelopment of the existing Bunnings Warehouses at Minchinbury, Rockingham and Rocklea will involve capital outlays by BWP Trust totalling $19.9 million to be incurred over the period to July 2014.

The purchase and redevelopment costs of the Properties will be funded by a combination of a non-renounceable rights issue to the existing unitholders of BWP Trust of $195.4 million (net of estimated capital raising costs of $4.6 million) and the drawdown of existing bank loan facilities and additional debt funding that BWP Trust intends to obtain at the appropriate time totalling $105.9 million. The rights issue is not subject to unitholder approval and will proceed regardless of whether the Proposed Transaction is approved.

The properties to be purchased by BWP Trust will be leased to BGL for an initial period of 12 years with five option periods of six years each at BGL's option. The total base rental on completion will be approximately $20.2 million. The rentals for these properties will increase annually at 3% per annum. At the end of the initial period and the exercise of each option by BGL, the rents will be subject to a market rent review. The market rent reviews are subject to a 10% cap and collar, so that the revised rent may be no greater than 110%, nor less than 90%, of the rent in the preceding year. Whilst BWP Trust is responsible for maintaining and replacing plant and equipment, the leases for these properties specify that the mechanical ventilation and high-bay lighting at the properties will be owned and maintained by BGL.

On completion of the redevelopment of the three existing Bunnings Warehouses, BGL will pay the existing rent for these properties together with a 7.25% return on the total outlay for the redevelopment of the properties. BWP Trust will enter into new leases for these properties with an initial period of 12 years to be followed by four option periods of six years each at BGL's option. The rent will be reviewed annually in line with the Consumer Price Index and is subject to a market rent review at the exercise of each option. If the option is exercised at the end of the initial period of 12 years, the initial market rent cannot decline but is subject to a 10% cap whilst for subsequent market rent reviews a 10% cap and collar applies.

The Proposed Transaction includes a full waiver of the management fee payable by BWP Trust to BWPM in relation to the completed properties and the development properties from the date of acquisition to 30 June 2014. Subsequent to 30 June 2014, management fees will be payable in full in relation to these properties.

Further details of the Properties are set out in the Notice of Meeting and Explanatory Memorandum.

Opinion

In our opinion, the Proposed Transaction is fair and reasonable to the unitholders of BWP Trust that are not associated with a party to the Proposed Transaction. In forming our opinion, we have considered the following matters which summarise the major issues addressed in this report:

- the purchase consideration offered is in line with the independently assessed market value of the properties;

- the management of BWPM has prepared a forecast for the year ending 30 June 2014 which shows that the Proposed Transaction is anticipated to be accretive to distributions per unit ("DPU") by a total of 0.9 cents for this year compared to the repayment of debt from the proceeds of the rights issue;

- in the absence of the Proposed Transaction and the rights issue, the management of BWPM has forecast that DPU will increase from 14.14 cents per unit for the year ended 30 June 2013 to 14.6 cents per unit for the year ending 30 June 2014. On this basis, the Proposed Transaction is anticipated to have no impact on DPU for the year ending 30 June 2014. The management of BWPM has estimated that the Proposed Transaction is expected to be DPU accretive for the year ending 30 June 2015 by approximately 2% and accretive in subsequent years due to the full year impact of the rental income arising from the Proposed Transaction together with the increased annual rental income under the leases with BGL;

- there will be no material change to net asset backing per unit as a consequence of the Proposed Transaction whilst the level of gearing of BWP Trust will increase from 21.2% at 30 June 2013 to approximately 27.2% on a pro-forma basis. This level of gearing is within the gearing requirements of both BWP Trust's Constitution and its loan covenants;

- the Proposed Transaction will maintain the geographical diversification of BWP Trust's property portfolio and provide an increased exposure to the Queensland market and a small reduction in exposure to the Victorian market based on the enlarged BWP Trust portfolio. It will also increase the estimated weighted average lease expiry of BWP Trust's property portfolio from 6.8 years at 30 June 2013 to 7.9 years on a pro-forma basis; and

- the debt finance for the Proposed Transaction and the acquisition of Hoxton Park requires additional loans to be obtained in excess of the existing bank facility limit of $430 million. At this stage, BWPM has no reason to believe that additional facilities will not be secured on acceptable commercial terms to enable the financing of development and redevelopment costs progressively over the period to July 2014.

Contents of the Report

The balance of our report is set out under the following headings:

Appendix

A	**Declarations and Disclosures**
B	**Financial Services Guide**

Yours faithfully

Roger Port
Authorised Representative

1. Purpose of Report

Chapter 10 of the ASX Listing Rules requires a responsible entity to obtain the approval of unitholders if the trust acquires a substantial asset from a related party or a substantial holder (that holds 10% or more of the units in the trust) or an associate of a related party or substantial holder. BGL is deemed to be a related party as its ultimate parent entity Wesfarmers also controls BWPM. BGL is also an associate of a substantial unitholder in BWP Trust as Wesfarmers also controls an entity holding approximately 24% of the issued units of BWP Trust. An asset is deemed to be substantial if its value, or the value of the consideration paid, is 5% or more of the equity interest of the acquiring entity. The value of the assets being acquired exceeds 5% of the unitholders' equity of BWP Trust as most recently reported at 30 June 2013.

ASX Listing Rule 10.10 states that the Notice of Meeting required under ASX Listing Rule 10.1 must include a report on the Proposed Transaction from an independent expert. The report must state, whether, in the expert's opinion, the Proposed Transaction is fair and reasonable to the non-associated unitholders of BWP Trust. This report provides that opinion.

2. Basis of Evaluation

There is no specific guidance on forming an opinion on fairness and reasonableness under ASX Listing Rule 10.10. In this regard, we have given due consideration to the guidance provided by ASIC Regulatory Guide 111 "Content of experts reports", which requires an expert to focus on the issues facing the security holders for whom the report is being prepared. In particular, RG 111 requires the expert to focus on the purpose and outcome of the transaction, rather than the legal mechanism to affect it.

Accordingly, in this report we have examined the Proposed Transaction and compared the likely advantages and disadvantages to the non-associated unitholders of BWP Trust if the Proposed Transaction is agreed to, with the advantages and disadvantages to those unitholders if it is not.

Our assessment of the Proposed Transaction has included a comparison of the consideration offered with the value of the assets being acquired. The following property valuers have been engaged by BWPM as responsible entity for BWP Trust to undertake independent market valuations of the Properties:

- Mr Tom Irving of CBRE in relation to the seven Queensland properties;
- Mr Bernie Sweeney of Jones Lang LaSalle in relation to the two Victorian properties and one property in New South Wales;
- Mr Paul Satara of CBRE in relation to one property in New South Wales; and

- Mr Mark Christie of Opteon in relation to the two Western Australian properties.

In forming our opinion, we have relied on the values placed on these properties by these valuers. Our assessment has also included an examination of other significant factors including:

- BWP Trust's ability to fund the Proposed Transaction;
- whether BWP Trust's financial position, profitability and cash flow are likely to be enhanced if the Proposed Transaction is approved;
- the proposed lease terms;
- other benefits and disadvantages to unitholders of the Proposed Transaction; and
- the implications for BWP Trust if the Proposed Transaction is not approved.

3. Sources of Information

The principal sources of information used in performing our assessment include:

- valuation reports of CBRE, Jones Lang LaSalle and Opteon in relation to the Properties;
- draft agreements between BWP Trust and BGL relating to the proposed acquisitions and leasing of the Properties;
- draft development agreements between BGL and BWP Trust in relation to the development sites and the BWP Trust sites to be redeveloped;
- BWP Trust's reviewed financial statements for the six months ended 31 December 2012;
- audited financial statements of BWP Trust for the year ended 30 June 2013;
- details of the existing loan facility agreements with BWP Trust's bankers;
- earnings and distribution forecasts of BWP Trust prepared by management of BWPM for the year ending 30 June 2014 reflecting the existing operations of BWP Trust and the impact of the Proposed Transaction;
- discussions with the management of BWPM; and
- publicly available information regarding the prices at which BWP Trust's units have traded.

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We have conducted checks, enquiries and analyses of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is reliable, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of BWP Trust in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.

We have relied on the reports prepared by CBRE, Jones Lang LaSalle and Opteon covering their assessment and valuation of the Properties. In particular, we have relied on their assessment of value which forms the basis for our assessment of the valuation of the Properties and our consideration of the fairness and reasonableness of the consideration offered. Each of CBRE, Jones Lang LaSalle and Opteon has acknowledged our reliance on their reports. We are satisfied that:

- the authors of the valuation reports have the appropriate qualifications and industry experience and are independent of BWP Trust, BGL and Wesfarmers;
- the methodologies used in the valuation are consistent with generally accepted industry practice; and
- the valuation reports contain sufficient information to support the conclusions drawn.

The valuation reports supporting the valuation assessments above will be made available by BWPM to unitholders upon request.

4. Background to BWP Trust

History and Operations

BWP Trust was constituted in June 1998 as a property trust and was listed on ASX in September 1998. At 30 June 2013, BWP Trust had 537,753,954 units on issue and a market capitalisation of approximately $1.2 billion, based on a closing unit price of $2.25 at that date.

BWP Trust is focused on warehouse retailing properties and, in particular, Bunnings Warehouse properties tenanted by BGL, a wholly owned subsidiary of Wesfarmers. At the date of this report, BWP Trust's property portfolio comprised:

- 62 established Bunnings Warehouses and five Bunnings Warehouses and showrooms;
- development sites at Maribyrnong in Victoria and Wallsend in New South Wales on which Bunnings Warehouses are proposed to be built;

- one Bunnings distribution centre;
- three industrial properties, including two tenanted by the Industrial and Safety division of Wesfarmers; and
- one bulky goods showroom complex adjacent to a Bunnings Warehouse in Geraldton in Western Australia.

BWP Trust has a strategy of acquiring properties with long term leases, ensuring that properties are well located and the portfolio is geographically diversified within Australia. The location of BWP Trust's properties is characterised by visible and accessible locations, ready vehicle access and ample parking and significant catchment areas. Approximately 93% of BWP Trust's existing rental income is received from BGL.

Financial Position of BWP Trust

The financial position of BWP Trust reflected in the reviewed balance sheet at 31 December 2012 and the audited balance sheet at 30 June 2013 is summarised below.

	Reviewed December 2012 $m	***Audited June 2013 $m***
Current assets		
Cash	10.0	11.1
Deposits for investment property purchases	2.3	4.1
Receivables and prepayments	4.2	5.0
Assets held for sale	-	4.1
Total current assets	16.5	24.3
Non-current assets		
Investment properties	1,348.1	1,374.4
Total non-current assets	1,348.1	1,374.4
Total assets	**1,364.6**	**1,398.7**
Current liabilities		
Payables and deferred income	13.6	14.1
Derivative financial instruments	0.6	0.1
Distribution payable	37.4	38.4
Total current liabilities	51.6	52.6

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Non-current liabilities		
Interest bearing liabilities	296.3	296.5
Derivative financial instruments	16.4	12.4
Total non-current liabilities	312.7	308.9
Total liabilities	**364.3**	**361.5**
Net assets	**1,000.3**	**1,037.2**
Contributed equity	698.3	707.4
Reserves	(17.0)	(12.6)
Retained profits	319.0	342.4
Total unitholders' funds	**1,000.3**	**1,037.2**

Independent valuations of property investments are conducted at intervals of not more than three years and the market values of properties that are not independently valued are assessed every six months by the directors of BWPM. BWP Trust distributes all of its earnings (excluding earnings resulting from revaluations of investment properties) to unitholders each year and accordingly, under current Australian taxation legislation, does not pay income tax in its own right.

BWP Trust has announced the acquisition of a Bunnings Warehouse in Hoxton Park in New South Wales from a third party for a purchase price of $40.75 million (excluding transaction costs). The property is leased to BGL, Kennards Self Storage and Officeworks under leases expiring in 2020, 2023 and 2016 respectively and which have multiple option periods beyond these expiry dates. The acquisition is anticipated to be completed in early November 2013 and will be funded by way of drawdown on existing debt facilities.

5. Comparison of the Consideration Offered with the Value of the Properties

Under the Proposed Transaction, BWP Trust is offering $271.3 million for the properties to be acquired from BGL, including the development costs payable in relation to the development sites. The consideration payable is in line with the independently assessed values of the properties as shown below.

Property	***Assessed market value $m***	***Valuer***
Arundel, Qld	26.47	CBRE
Bethania, Qld	21.72	CBRE
Manly West, Qld	28.10	CBRE
North Lakes, Qld	32.37	CBRE
Townsville North, Qld	19.86	CBRE

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West Ipswich, Qld	30.17	CBRE
Springvale, Vic	26.43	Jones Lang LaSalle
Sunbury, Vic	23.73	Jones Lang LaSalle
Rydalmere, NSW	38.76	CBRE
Ellenbrook, WA	23.66	Opteon
	271.27	

The development of the Arundel and Bethania properties has been recently completed. CBRE has assessed the value of these completed properties by capitalising the proposed annual rental income for these properties at an appropriate rate determined from recent investment sales, taking into account:

- market evidence of the rents payable on similar properties, including other Bunnings Warehouses; and

- the valuers' views of the security of income and its likely growth potential given the nature and location of these properties and the lease rent review mechanisms.

CBRE has considered the sensitivity of the assessed values of the Arundel and Bethania properties to changes in the capitalisation rate and performed a discounted cash flow analysis to cross check the assessed values.

The values of the eight development properties have been assessed on two bases:

- on an "as is" basis reflecting the current value of each property as a vacant or partially completed development site, having regard to costs incurred and recent sales transaction activity in relation to similar sites in similar geographic areas; and

- on an "as if complete" basis reflecting the value assuming that construction of each property had been completed at the valuation date and adopting the proposed tenancy arrangements for each property. The valuations reflect the valuers' views of market conditions existing at the date of valuation and do not purport to predict future market conditions and the value at the actual completion date of the construction.

The values derived on an "as is" basis are in line with the initial acquisition payment of $155.6 million to be paid to BGL on settlement of the Proposed Transaction. The total consideration payable of $271.3 million equates to the values derived on an "as if complete" basis.

The proposed total purchase price including transaction costs for the properties exceeds the independently assessed value of the properties by $10.1 million, or approximately 6.5% of the acquisition costs of the properties. This is solely as a result of the estimated transaction costs.

The transaction costs primarily comprise stamp duty and would be payable irrespective of whether the properties were purchased from a related entity.

The independently assessed values of the three existing properties to be redeveloped are as shown below.

Property	***Assessed market value $m***	***Valuer***
Rocklea, Qld	23.50	CBRE
Minchinbury, NSW	35.80	Jones Lang LaSalle
Rockingham, WA	27.30	Opteon
	86.60	

The aggregate "as if complete" values of $86.6 million marginally exceed the sum of the "as is" values of $64.6 million and the redevelopment costs of $19.9 million, indicating that the proposed redevelopments are marginally accretive in value terms.

6. Financial Impact of the Proposed Transaction on BWP Trust

It is proposed that BWP Trust will fund the acquisition and redevelopment of the Properties by the combination of a fully underwritten non-renounceable rights issue to the existing unitholders of BWP Trust of $195.4 million (net of estimated capital raising costs of $4.6 million) and the drawdown of existing bank loan facilities and additional debt funding that BWP Trust intends to obtain at the appropriate time totalling $105.9 million.

We have prepared a pro-forma balance sheet to reflect the audited balance sheet of BWP Trust at 30 June 2013 and the financial impact of the distribution payment in August 2013, the rights issue, the proposed acquisition of the Hoxton Park property and the Proposed Transaction.

Although the development costs for the eight development and three redevelopment properties and the related debt financing of these costs will not be reflected in the balance sheet until these amounts are incurred in the period to July 2014, we have reflected these amounts in the pro-forma balance sheet to indicate the combined impact of the Proposed Transaction on the financial position of BWP Trust.

The pro-forma balance sheet however does not include the assumed completion of BWP Trust's previously announced development at Wallsend. This development is expected to be completed after the meeting of BWP Trust unitholders to be held on 16 September 2013 and is not anticipated to have a material impact on the gearing level of BWP Trust.

	Note	*Audited June 2013*	*Pro-Forma Adjustments*				*Pro-Forma June 2013*
			Distribution	***Equity Raising***	***Hoxton Park***	***Proposed Transaction***	
		$m	***$m***	***$m***	***$m***	***$m***	***$m***
	Note		***(1)***	***(2)***	***(3)***	***(4)***	
Assets							
Cash		11.1					11.1
Receivables and other assets		13.2			(4.1)		9.1
Investment properties		1,374.4			43.1	303.4	1,720.9
Total assets		1,398.7					1,741.1
Liabilities							
Payables and deferred income		14.1					14.1
Derivative financial instruments		12.5					12.5
Distribution payable		38.4	(38.4)				-
Loans and borrowings		296.5	32.6	(195.4)	39.0	301.3	474.0
Total liabilities		361.5					500.6
Net assets		1,037.2					1,240.5
Unitholders' equity							
Issued capital		707.4	5.8	195.4			908.6
Reserves		(12.6)					(12.6)
Undistributed income		342.4				2.1	344.5
Total unitholders' equity		1,037.2					1,240.5
Units on issue (million)		537.8	2.4	87.0			627.2
Net asset backing per unit		$1.93					$1.98

Pro-Forma Adjustments

1. Payment of distribution to unitholders in August 2013 including the estimated impact of the distribution reinvestment plan.
2. Capital raising through a rights issue of approximately $200 million at an assumed issue price of $2.30 per unit representing the issue of 87,015,203 units less estimated capital raising costs of $4.6 million (being 2.3% of the capital raising), with proceeds used to offset existing loans and borrowings.

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3. Acquisition cost of the Hoxton Park property of $40.75 million plus transaction costs of $2.4 million funded from the drawdown of additional loans and borrowings less an existing deposit paid of $4.1 million.
4. The increase in investment properties reflects the acquisition cost of the properties of $271.3 million plus transaction costs of $10.1 million together with the increase in the value of the redevelopment properties of $22.0 million (comprising redevelopment costs of $ 19.9 million and increased property value of $2.1 million). The drawdown of additional loans and borrowings reflects the funding required in addition to the equity raising.

Impact on Net Asset Backing

Investment properties are reflected at assessed values in BWP Trust's financial statements and BWP Trust has an accounting policy of progressively refreshing investment property values on a six monthly basis through a combination of independent and directors' valuations. Accordingly, the carrying value of BWP Trust's investment properties at 30 June 2013 reflects the impact of any recent changes in individual property values.

The audited net asset backing per unit at 30 June 2013 was $1.93 per unit. The net asset backing increases to $1.975 per unit entirely due to the terms of the proposed capital raising, as follows:

- the accretive impact of the proposed issue of units at a price of $2.30 per unit compared to the net asset backing of $1.93 per unit; and
- the write-off of the capital raising costs of $4.6 million.

The Proposed Transaction will result in a marginal change in the net assets of BWP Trust due to the value uplift attributable to the redevelopment properties. The pro-forma net asset backing at the completion of the Proposed Transaction is $1.98 per unit.

Impact on Level of Debt

Based on the proposed equity and debt funding arrangements set out above, the Proposed Transaction is expected to have the following impact on BWP Trust's key financial gearing ratios as at 30 June 2013:

	Audited June 2013	***Pro-Forma Post-Distribution and Equity Raising June 2013***	***Pro-Forma June 2013***
Total loans/total assets	21.2%	9.6%	27.2%
Total liabilities/total tangible assets	25.8%	11.5%	28.8%

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BWPM has established a preferred range of 20% to 30% for BWP Trust's gearing ratio (defined as total loans/total assets). In addition, BWP Trust's Constitution requires that the total liabilities of BWP Trust do not exceed 60% of the total tangible assets of BWP Trust and its loan covenants require that BWP Trust's gearing ratio (defined as debt plus non-current liabilities expressed as a percentage of total assets) does not exceed 45%.

Based on the pro-forma balance sheet at 30 June 2013:

- BWP Trust's gearing ratio will be approximately 27.2%, which is within BWP Trust's acceptable gearing range and debt covenants; and
- the total liabilities of BWP Trust will be 28.8% of total tangible assets, which is well within the requirements of BWP Trust's Constitution.

At 30 June 2013, BWP Trust had the following loan facilities:

Financier	***Facility Limit $m***	***Amount Drawn-down $m***	***Expiry Date (note)***
ANZ Banking Group	150.0	56.5	23 January 2017
Commonwealth Bank of Australia	100.0	65.5	31 July 2016
Westpac Banking Corporation	180.0	175.5	31 December 2017
Less accrued interest and borrowing costs	-	(1.0)	
Totals	430.0	296.5	

Note – the expiry dates shown reflect the extended expiry dates for two of these facilities which were announced by BWPM on 24 July 2013.

The Proposed Transaction will require a further net drawdown on the debt facilities of approximately $105.9 million, increasing the total debt drawdown to approximately $474.0 million as reflected in the pro-forma balance sheet. The debt finance for the Proposed Transaction together with the funding of the Hoxton Park property increases debt to a level which is in excess of the existing facility limit of $430 million.

The management of BWPM has received proposals and expressions of interest from a number of banks in relation to further debt facilities. BWP Trust has been recently assigned an A- (stable outlook) issuer credit rating by Standard and Poor's. This credit rating should assist BWP Trust in accessing further debt funding opportunities. At this stage BWPM has no reason to believe that additional facilities will not be secured on acceptable commercial terms. The development costs to be financed by the drawdown of additional debt will be incurred progressively over the period to July 2014 which provides the management of BWPM with a reasonable period of time in which to negotiate and secure the required additional facilities.

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Impact on Earnings and Distributions

Set out in the table below is a comparison of the forecast earnings and distributions per unit ("DPU") of BWP Trust for the year ending 30 June 2014 assuming the Proposed Transaction is undertaken with the forecast earnings and DPU assuming the Proposed Transaction is not undertaken and the funds from the rights issue are instead used to repay debt ("base case").

The forecast has been prepared by the management of BWPM and incorporates the proposed timing and terms of the rights issue, on the basis that the rights issue is not subject to unitholder approval and will proceed regardless of whether the Proposed Transaction is approved, and the following additional assumptions:

- Base case – the forecast annual increases in rent received from the existing property portfolio of BWP Trust, interest rates applicable to existing borrowings and forecast capital expenditure on the existing property portfolio; and

- Proposed Transaction – the proposed rents of the properties to be acquired, rents on the existing property portfolio, the timing of the drawdown of debt, the acquisition of the properties from BGL and the completion and leasing of the development properties, the impact of the Hoxton Park acquisition, interest rates applicable to borrowings and capital expenditure on the entire property portfolio.

The forecast does not take into account any changes in the value of investment properties and is therefore focussed on the distributable profit of BWP Trust.

	Year ending 30 June 2014	
	Base case $m	***Proposed Transaction $m***
Revenue		
Rent	115.5	126.9
Interest received	0.1	0.1
Total revenue	115.6	127.0
Expenses		
Management fee	8.5	8.5
Borrowing costs	15.3	21.5
Other expenses	5.9	5.6
Total expenses	29.7	35.6
Distributable profit	85.9	91.4

Distribution per unit		
Units on issue (millions)	627.2	627.2
Distribution ($m)	85.9	91.4
DPU (cents per unit)	13.7	14.6

The DPU in respect of the year ended 30 June 2013 was 14.14 cents per unit.

Our comments in relation to the forecast prepared by the management of BWPM are as follows:

- The forecast DPU for the year ending 30 June 2014 under the base case of 13.7 cents is less than the actual DPU in the year ended 30 June 2013 due to the dilutive effect of the rights issue on earnings per unit;
- The forecast DPU for the year ending 30 June 2014 assuming the Proposed Transaction is undertaken is higher than the forecast DPU if the Proposed Transaction is not undertaken. The increased rental contribution from the properties is forecast to be sufficient to offset the dilutionary impact of the rights issue;
- The accretion in DPU if the Proposed Transaction is undertaken of 0.9 cents per unit in the year ending 30 June 2014 is also partly due to the impact of the full waiver of the management fees payable by BWP Trust to BWPM in that year in relation to the completed properties and the development properties; and
- The distribution reinvestment plan will operate in respect of the distribution to be paid in August 2013. The forecast assumes that if the Proposed Transaction is approved, the distribution reinvestment plan will not operate for the remainder of the forecast period to 30 June 2014.

We have also considered the impact on DPU for the year ending 30 June 2014 by comparing the forecast DPU in the absence of the Proposed Transaction (and assuming that the non-renounceable rights issue did not occur) with the effect of the Proposed Transaction as a whole.

In the absence of the Proposed Transaction and the rights issue, the management of BWPM has forecast that DPU will increase from 14.14 cents per unit for the year ended 30 June 2013 to 14.6 cents per unit for the year ending 30 June 2014. The forecast DPU for the year ending 30 June 2014 under the Proposed Transaction as set out in the table above is equivalent to the forecast DPU in the absence of the Proposed Transaction and the rights issue. Accordingly, on this basis the Proposed Transaction is anticipated to have no impact on DPU for the year ending 30 June 2014.

The management of BWPM has estimated that the Proposed Transaction is expected to be accretive to DPU for the year ending 30 June 2015 by approximately 2% and in subsequent years. This is due to the full year impact of the rental income arising from the Proposed Transaction together with the increased rental income of 3% per annum for properties to be acquired from BGL and annual rental adjustments in line with the Consumer Price Index for the properties to be redeveloped.

7. Advantages and Disadvantages of the Proposed Transaction

Advantages

We consider the principal advantages of the Proposed Transaction to non-associated unitholders are as follows:

- the purchase consideration offered is in line with the independently assessed market value of the properties;
- the Proposed Transaction is forecast to have no impact on DPU for the year ending 30 June 2014 and is expected to be accretive to DPU in subsequent years;
- the level of gearing of BWP Trust based on the proposed equity and debt funding arrangements and assuming the Proposed Transaction is approved is approximately 27.2% on a pro-forma basis. This is within the preferred range of 20% to 30% for BWP Trust's financial gearing ratio, and is well within the gearing limits imposed by BWP Trust's Constitution and loan covenants;
- the mix of debt and equity funding to fund the acquisition of the properties allows BWP Trust to maintain a conservatively geared balance sheet which provides flexibility to BWP Trust in the event that it wishes to undertake further acquisitions in the future and fund improvements to the existing property portfolio;
- the proposed acquisition of the properties is expected to provide unitholders with secure, long term capital and income growth, consistent with the objectives of BWP Trust;
- BWP Trust is responsible for maintaining and replacing plant and equipment at the Properties. However, in contrast with the existing leases for other properties leased to BGL, BWP Trust is not responsible for the mechanical ventilation and high-bay lighting at the Properties as these items will be owned and maintained by BGL under the terms of the leases for the Properties.
- the terms of the Proposed Transaction limit the exposure of BWP Trust to development cost over-runs and variations as BWP Trust is not obligated to fund any variations which amount to in excess of $1 million per property and it will derive a market based rental in respect of agreed variations;
- the acquisition of the properties will maintain the geographical diversification of BWP Trust's investment property portfolio and provide an increased exposure to the Queensland market

with a small reduction in exposure to the Victorian market based on the enlarged BWP Trust portfolio. In addition, with the exception of Townsville North, the properties being acquired are located in metropolitan areas which reduce the weighting of regional sites in BWP Trust's portfolio. However, BWP Trust will maintain its significant exposure to BGL for rental income;

- the acquisition of the properties represents a more efficient use of the funds raised from the rights issue in comparison to the application of the funds raised to the repayment of debt; and
- as a result of the Proposed Transaction, the weighted average lease expiry of BWP Trust's property investment portfolio is forecast to increase from 6.8 years at 30 June 2013 to 7.9 years on a pro-forma basis assuming that the acquisition and redevelopment of the Properties had occurred at 30 June 2013.

Disadvantages

We consider the principal disadvantages of the Proposed Transaction to non-associated unitholders are as follows:

- the total purchase price for the properties is in excess of the assessed value of the properties by $10.1 million or 6.5% of the acquisition costs of the properties. However, this is solely as a consequence of transaction costs associated with the acquisition of the properties which would be payable irrespective of whether the properties were purchased from a related entity;
- the leases for the properties to be acquired from BGL contain fixed increases in rent of 3% per annum over the initial 12 year period, and are only subject to a market review at the end of that 12 year period, whilst the rent for the properties to be redeveloped will be reviewed annually in line with the Consumer Price Index. It is possible that market rents over the initial 12 year period may be greater than those contained within the leases for the Properties. However, the annual rent increase of 3% which applies to the ten properties to be acquired does provide BWP Trust with a largely predictable additional income stream from the Proposed Transaction;
- the market rent reviews for the BGL leases at the end of the initial 12 year lease periods are subject to a 10% cap which means that any upward adjustment will not be greater than 10% despite the market rent at that time;
- the acquisition of the properties increases the exposure of BWP Trust to the funding of development properties and capital upgrades. However, the leases provide for BWP Trust to earn a commercial return of 7.19% per annum on the initial acquisition costs of the development properties and a 7.25% return on the total outlay for the properties to be redeveloped; and
- the debt finance for the Proposed Transaction and the acquisition of Hoxton Park requires additional loans to be obtained in excess of the existing bank facility limit of $430 million. The

management of BWPM has received proposals and expressions of interest from a number of banks in relation to further debt facilities. At this stage, BWPM has no reason to believe that additional facilities will not be secured on acceptable commercial terms to enable the financing of development and redevelopment costs progressively over the period to July 2014.

Appendix A

Declarations and Disclosures

Qualifications and Experience

PricewaterhouseCoopers Securities Ltd is beneficially owned by the partners of PricewaterhouseCoopers Australia, a large international firm of chartered accountants and business advisers. PricewaterhouseCoopers Securities Ltd holds an Australian Financial Services Licence and is licensed to provide financial product advice.

Mr Roger Port, the person responsible for the preparation of this report, is a partner in PricewaterhouseCoopers and an authorised representative of PricewaterhouseCoopers Securities Ltd. He is a Fellow of the Institute of Chartered Accountants and a Senior Fellow of the Financial Services Institute of Australasia and has extensive experience in the preparation of corporate valuations and the provision of corporate advisory services to corporations involved in takeovers, capital raisings and merger and acquisitions.

Declaration

We have considered our independence from BWP Trust and Wesfarmers having regard to ASIC Regulatory Guide 112.

At the date of this report, neither PricewaterhouseCoopers Securities Ltd, PricewaterhouseCoopers nor the author of this report:

- has any interest in the outcome of the Proposed Transaction;
- holds any beneficial interest in securities of either BWP Trust or Wesfarmers Limited, and has not held any such beneficial interest during the previous two years; or
- has any ongoing relationship with BWP Trust or Wesfarmers.

The only pecuniary or other interest that PricewaterhouseCoopers Securities Ltd or PricewaterhouseCoopers has in relation to the Proposed Transaction arises from the right to receive a fee based on normal hourly rates for the preparation of this report. This fee, which is estimated to be approximately $80,000, is payable regardless of whether or not the Proposed Transaction is approved. Except for this fee, neither PricewaterhouseCoopers Securities Ltd nor PricewaterhouseCoopers has received, or will receive, any pecuniary or other benefit, whether direct or indirect, for or in connection with the making of this report.

PricewaterhouseCoopers Securities Ltd provided independent expert's reports for BWP Trust in February 2011, March 2010 and in 2002. It was also engaged in 2004 to provide an independent expert's report on a transaction which was not finalised and did not proceed. Neither PricewaterhouseCoopers Securities Ltd nor PricewaterhouseCoopers has provided any services to BWP Trust in the past two years other than the preparation of this report on the Proposed Transaction. Neither Roger Port nor any member of his team on this assignment has provided any professional services to Wesfarmers in the past two years.

PricewaterhouseCoopers is not the auditor of Wesfarmers. PricewaterhouseCoopers provides professional services to Wesfarmers on a range of matters including taxation, accounting, operations, technology, people and remuneration matters, some of which remain in progress as at the date of the report. None of those services relate to the Proposed Transaction. PricewaterhouseCoopers was paid a total of approximately $12.6 million for services to Wesfarmers for the 2012 financial year and approximately $13.8 million for services for the 2013 financial year.

We do not believe that this situation impairs our ability to undertake an objective assessment of the Proposed Transaction.

This report has been prepared in accordance with APES 225 "Valuation Services" issued by the Accounting Professional and Ethical Standards Board which is binding on all members of the Institute of Chartered Accountants in Australia.

A draft of this report was provided to BWP Trust for a review of factual accuracy on 29 July 2013. No changes to our opinion arose as a result of this review.

Reliance on this Report

The Proposed Transaction requires the approval of unitholders of BWP Trust. This report has been prepared at the request of the independent directors of BWPM in order to assist them and the unitholders of BWP Trust in assessing the Proposed Transaction. This report was not prepared for any other purpose and is designed to accompany the Notice of Meeting and Explanatory Memorandum to be sent to unitholders of BWP Trust as required by Chapter 10 of the ASX Listing Rules. Accordingly, this report has been prepared for the benefit of the directors of BWPM and those unitholders whose votes are not to be disregarded on the Proposed Transaction.

The conclusions of this report are based on assessments made, and information available at the date of this report. Accordingly, we reserve the right (but will be under no obligation) to amend the conclusions of this report insofar as further information relevant to the forming of our conclusions becomes known to us after the date of this report, but prior to completion of the Proposed Transaction.

The statements and opinions included in this report are therefore given in good faith and in the belief that they are based on information which, on reasonable grounds, is not false, misleading or incomplete. Accordingly, we assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information that is otherwise.

Indemnity

BWP Trust and BWPM have agreed to indemnify PricewaterhouseCoopers Securities Ltd, PricewaterhouseCoopers and its employees against claims, liabilities, losses and expenses they incur if information or documentation provided by or on behalf of the Trust is false, misleading or omits material particulars, or if relevant information or documents have not been supplied.

Consents

Neither PricewaterhouseCoopers Securities Ltd nor PricewaterhouseCoopers have authorised or caused the issue of all or any part of the Notice of Meeting or Explanatory Memorandum. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement (other than the notice of meeting mentioned above) without the prior written consent of PricewaterhouseCoopers Securities Ltd to the form and context in which it appears.

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this report, in the form and context in which it is included, in the Notice of Meeting and Explanatory Memorandum.

Appendix B

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 7 August 2013

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwCS") has been engaged by BWP Management Limited (as responsible entity for BWP Trust) to provide a report in the form of an Independent Expert's Report in relation to a proposed transaction with Bunnings Group Limited ("the Proposed Transaction") ("the Report") for inclusion in a Notice of Meeting and Explanatory Memorandum relating to the Proposed Transaction.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Appendix B (cont)

5. Fees, commissions and other benefits we may receive

PwCS charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages us to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report, our fees are as disclosed in Appendix A of this Report.

Directors or employees of PwCS, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of or provide financial services to the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service, an external complaints resolution service. The Financial Ombudsman Service can be contacted by calling 1300 780 808. You will not be charged for using this service.

8. Contact Details

PwCS can be contacted by sending a letter to the following address:

Mr Roger Port
PricewaterhouseCoopers Securities Ltd
Brookfield Place
125 St Georges Terrace
PERTH WA 6000

6. TERMS OF LEASES

The relevant terms of the leases for the Warehouse Properties include the following terms:

	Proposed Transaction
Lease Term	Initial term of 12 years followed by five further terms of six years each exercisable by the tenant.
Annual rent reviews	Fixed three per cent with market rent reviews at the exercise of each option. Market rent reviews are subject to a 10 per cent cap and collar, ensuring that the revised rent may be no greater than 110 per cent nor less than 90 per cent of the rent in the preceding year.
Land tax	Recovery of land tax is based on single holding ownership, meaning that the Trust pays a portion of the land tax that relates to owning more than one property in the relevant state/territory. Land tax is not recoverable for properties in Queensland.
Capital upgrade requirement	The landlord, if requested by the tenant, is required to fund capital upgrades costing between $2 million and $6 million based on a specified funding formula, subject to meeting certain criteria.
Notice to exercise option	12 months.
Repurchase of property	While the tenant remains Bunnings or a related entity of it, not more than 12 months but not less than nine months before the expiry of the third Further Term (30 years from the original commencement date) the tenant has a right to purchase the property at market value. Market value is assessed assuming that Bunnings has exercised the next six year option.
Replacement of capital items	The following items are required to be replaced at the cost of the landlord every 12 years from the original commencement date for the first 24 year period and thereafter every 10 years: skylights and roller shutters. The mechanical ventilation and high bay lights are owned by Bunnings and the requirement to maintain and replace rests with Bunnings.

The relevant terms of the leases of the Warehouse Properties are substantially the same as the leases of the properties acquired by the Trust from Bunnings in 2011. The main differences between the leases of the Warehouse Properties and the leases of the Trust's existing portfolio are:

- **Lease term:** The lease duration for the portfolio of 13 properties acquired by the Trust from Bunnings in 2011 included an initial term of 10 years followed by five further terms of five years each exercisable by the tenant.
- **Notice to exercise option:** The Bunnings Warehouse leases held by the Trust generally provide for the tenant to give between 3 and 9 months' notice to exercise the option.
- **Repurchase of property:** The leases for the existing Trust-owned properties at Bayswater, Morley, Thornleigh and Vermont South allow the tenant to repurchase the property from the landlord under certain circumstances. No other leases in the portfolio have a right to repurchase provision.
- **Replacement of capital items:** There is a requirement in the leases relating to the portfolio of 13 properties acquired by the Trust from Bunnings in 2011 that the landlord must replace skylights, high bay light fittings, mechanical ventilation and roller shutters every 12 years from the original commencement date for the first 24 year period and thereafter every 10 years. There is a similar provision in the leases of two other Trust-owned properties at Mt Gravatt and Villawood. All other leases in the Trust's portfolio do not have a requirement to replace these capital items in a specified timeframe.

7. GLOSSARY

"ASIC"	Australian Securities and Investments Commission
"Associate"	has the meaning given in the Corporations Act
"ASX"	ASX Limited ACN 008 624 691
"Bunnings Group Limited" or "Bunnings"	Bunnings Group Limited ACN 008 672 179 and its wholly owned subsidiaries
"Bunnings Warehouse" or "Bunnings Warehouses"	that part of any Warehouse Property that comprises land and improvements (either existing or to be completed) to be leased to Bunnings
"Corporations Act"	the *Corporations Act 2001* (Cth)
"CPI"	a general reference to one of the Consumer Price Indices, as published by the Australian Bureau of Statistics
"Directors"	the Directors of BWP Management Limited ABN 26 082 856 424
"Entitlement Offer"	The 1 for 6.18 accelerated non-renounceable entitlement offer to eligible unitholders of the Trust for additional fully paid units in the Trust announced on 8 August 2013
"Explanatory Memorandum"	this Explanatory Memorandum which accompanies the Notice of Meeting of Unitholders
"Hoxton Park Central"	the Bunnings Warehouse anchored bulky goods centre to be acquired by the Trust from an unrelated third party vendor, not forming part of the Transaction and not requiring unitholder approval
"Independent Expert"	PricewaterhouseCoopers Securities Ltd ACN 003 311 617
"Independent Expert's Report"	the report of the Independent Expert
"Listing Rules"	the Official Listing Rules of ASX
"market rent review"	a scheduled, periodic review of the passing rent of a property compared with the current market rent on that date, generally having regard to the rents paid at comparable properties
"Notice of Meeting"	this notice convening a meeting of unitholders
"Portfolio Acquisition"	the sale and leaseback of the Warehouse Properties by Bunnings to the Trust as proposed in this Explanatory Memorandum
"registry"	Computershare Investor Services Pty Limited ACN 078 279 277
"Resolution 1"	the resolution proposed in this Notice of Meeting to approve the Transaction
"Resolution 2"	the resolution proposed in this Notice of Meeting to approve the amendments to the Trust's constitution
"Responsible Entity"	the responsible entity of the Trust, being BWP Management Limited ACN 082 856 424
"section"	a section of this Explanatory Memorandum
"Transaction"	comprises the Portfolio Acquisition and the Upgrades
"Trust"	BWP Trust ARSN 088 581 097
"unit"	a fully paid ordinary unit in the Trust
"Upgrades"	the upgrade of three existing Trust-owned Bunnings Warehouses as described in this Explanatory Memorandum
Upgrade Properties	Trust-owned Bunnings Warehouses at Minchinbury (NSW), Rocklea (QLD) and Rockingham (WA)
"WALE"	Weighted Average Lease Expiry (by annual rent)
"Warehouse Properties"	the land and improvements (either existing or to be completed) specified in this Explanatory Memorandum; including the Bunnings Warehouses and, where applicable, any additional land or other improvements not leased to Bunnings
"Wesfarmers Limited" or "Wesfarmers"	Wesfarmers Limited ACN 008 984 049 and its wholly owned subsidiaries

The information provided in this Explanatory Memorandum and Notice of Meeting should be considered together with ASX announcements and other information available on the Trust's website.

bwp TRUST

NOTICE OF UNITHOLDERS' MEETING AND EXPLANATORY MEMORANDUM

To consider the proposed acquisition of 10 Bunnings Warehouse properties and the upgrade of three existing Trust-owned Bunnings Warehouses

(including a report on the transaction from PricewaterhouseCoopers Securities Ltd as Independent Expert)

ISO CERTIFICATION ECF ELEMENTAL CHLORINE FREE EMS ENVIRONMENTAL MANAGEMENT SYSTEMS RECYCLED CONTENT

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