

# **BUNNINGS**

## **WAREHOUSE PROPERTY TRUST**

ARSN 088 581 097

8 February 2007

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

### **RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

- Press Release
- Appendix 4D Half-Year Results Announcement
- Financial Statements for the Half-Year Ended 31 December 2006
- Ernst & Young Independent Review Report

It is recommended that the half-year financial report is read in conjunction with the annual financial statements as at 30 June 2006 together with public announcements made by the Trust in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.



A M NIARDONE  
COMPANY SECRETARY

# BUNNINGS

## WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

8 February 2007

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### Strong revaluation gains for the half year

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The Directors of Bunnings Property Management Limited, the responsible entity for the Bunnings Warehouse Property Trust, today announced distributable profit of \$19.4 million for the half-year ended 31 December 2006, an increase of 3.1 per cent on the distributable profit of \$18.8 million earned in the comparative period last year.

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

The fair value of Trust properties increased by 15.7 per cent to \$834.4 million during the six months to 31 December 2006.

#### Interim distribution

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

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

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

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

#### Finance

As at 31 December 2006 the Trust's total assets had increased to \$846.7 million with unitholders' equity of \$599.9 million and total liabilities of \$246.8 million. The net tangible asset backing increased to \$1.98 per unit as at 31 December 2006, an increase of 18.5 per cent for the half-year.

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

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

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

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

The Trust also completed upgrades to properties at Cairns in Queensland (\$0.9 million, finalised in September 2006), Croydon in Victoria (\$5.6 million, finalised in October 2006), and Lismore in New South Wales (\$0.6 million, finalised in September 2006). The remaining vacant showroom adjacent to the Bunnings Warehouse at Bayswater has been leased as an Autobarn outlet with an initial seven year term commencing November 2006 and two options of five years each exercisable by the tenant.

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

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

## **Market rent reviews**

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

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

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

## **Revaluations**

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

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

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

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

## Events subsequent

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

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

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

## Outlook

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

For further information please contact:

Grant Gernhoefer  
General Manager, Bunnings Property Management Limited

Telephone: (08) 9327 4318  
E-mail: [ggernhoefer@bpml.wesfarmers.com.au](mailto:ggernhoefer@bpml.wesfarmers.com.au)  
Website: [www.bunningspropertytrust.com.au](http://www.bunningspropertytrust.com.au)

# BUNNINGS WAREHOUSE PROPERTY TRUST

ARSN 088 581 097

## APPENDIX 4D – HALF-YEAR REPORT

Financial half-year ended 31 DECEMBER 2006

### Results for announcement to the market

(Comparative information is for the half-year ended 31 December 2005)

comparative information is for the half year ended 31 December 2005,

|                                                                |    |            | \$A'000 |
|----------------------------------------------------------------|----|------------|---------|
| Revenues from continuing operations                            | up | 5.82% to   | 28,749  |
| Net profit from continuing operations attributable to members* | up | 228.61% to | 113,681 |
| Net profit for the period attributable to members              | up | 228.61% to | 113,681 |

| Distributions                 | Amount per security |
|-------------------------------|---------------------|
| Interim Distribution          | 6.42 cents          |
| Previous corresponding period | 6.22 cents          |

Record date for determining entitlements to the distribution 29 December 2006

The Bunnings Warehouse Property Trust Distribution Reinvestment Plan remains suspended.

It is recommended that the half-year financial report is read in conjunction with the annual financial statements as at 30 June 2006 together with public announcements made by the Trust in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

|                                                                |             | Dec 2006       | Dec 2005      |
|----------------------------------------------------------------|-------------|----------------|---------------|
| * Net profit before unrealised items                           | up 3.06% to | 19,362         | 18,788        |
| Unrealised items (gain in fair value of investment properties) |             | <u>94,319</u>  | <u>15,807</u> |
| Net profit from continuing operations                          |             | <u>113,681</u> | <u>34,595</u> |

# BUNNINGS WAREHOUSE PROPERTY TRUST

## Half-Year Financial Report

for the half-year ended  
31 December 2006

**Bunnings Warehouse Property Trust**  
**Condensed Income Statement & Distribution Statement**  
For the half year-ended 31 December 2006

|                                                                                                                     | <b>2006</b>     | 2005     |
|---------------------------------------------------------------------------------------------------------------------|-----------------|----------|
|                                                                                                                     | <b>\$000</b>    | \$000    |
| <b>CONTINUING OPERATIONS</b>                                                                                        |                 |          |
| Rental income                                                                                                       | <b>27,960</b>   | 26,575   |
| Other property income                                                                                               | <b>589</b>      | 533      |
| Interest income                                                                                                     | <b>158</b>      | 61       |
| Other income                                                                                                        | <b>42</b>       | -        |
| Total income                                                                                                        | <b>28,749</b>   | 27,169   |
| Unrealised gain in fair value of investment properties                                                              | <b>94,319</b>   | 15,807   |
| Responsible entity's fees                                                                                           | <b>(2,177)</b>  | (1,896)  |
| Other operating expenses                                                                                            | <b>(714)</b>    | (588)    |
| Net profit from continuing operations before finance costs                                                          | <b>120,177</b>  | 40,492   |
| Finance costs                                                                                                       | <b>(6,496)</b>  | (5,897)  |
| Net profit from continuing operations attributable to unitholders of Bunnings Warehouse Property Trust              | <b>113,681</b>  | 34,595   |
| <b>DISTRIBUTION STATEMENT</b>                                                                                       |                 |          |
| Net profit attributable to unitholders of Bunnings Warehouse Property Trust                                         | <b>113,681</b>  | 34,595   |
| Undistributed income at the beginning of the period                                                                 | <b>171,199</b>  | 133,964  |
| Distributions paid or payable                                                                                       | <b>(19,352)</b> | (18,749) |
| <b>Undistributed income at the end of the period</b>                                                                | <b>265,528</b>  | 149,810  |
| Basic and diluted earnings (cents per unit) for the half-year                                                       | <b>37.7</b>     | 11.5     |
| Basic and diluted earnings (cents per unit) for the half-year excluding unrealised gain in fair value of properties | <b>6.42</b>     | 6.23     |
| Interim distribution (cents per unit) for the half-year                                                             | <b>6.42</b>     | 6.22     |

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

**Bunnings Warehouse Property Trust**  
**Condensed Balance Sheet**  
As at 31 December 2006

|                                            | December<br>2006<br>\$000 | June<br>2006<br>\$000 | December<br>2005<br>\$000 |
|--------------------------------------------|---------------------------|-----------------------|---------------------------|
| <b>Current assets</b>                      |                           |                       |                           |
| Cash assets                                | 5,707                     | 6,212                 | 5,728                     |
| Other receivables                          | 1,585                     | 344                   | 591                       |
| Derivative financial instruments           | 57                        | 36                    | -                         |
| <b>Total current assets</b>                | <b>7,349</b>              | <b>6,592</b>          | <b>6,319</b>              |
| <b>Non-current assets</b>                  |                           |                       |                           |
| Investment properties (refer Note 2)       | 834,400                   | 721,125               | 695,300                   |
| Other receivables                          | 850                       | 850                   | 850                       |
| Derivative financial instruments           | 4,134                     | 3,045                 | -                         |
| <b>Total non-current assets</b>            | <b>839,384</b>            | <b>725,020</b>        | <b>696,150</b>            |
| <b>Total assets</b>                        | <b>846,733</b>            | <b>731,612</b>        | <b>702,469</b>            |
| <b>Current liabilities</b>                 |                           |                       |                           |
| Payables                                   | 8,386                     | 6,918                 | 7,826                     |
| Interest-bearing loans and borrowings      | -                         | 149,430               | -                         |
| Derivative financial instruments           | -                         | 34                    | 532                       |
| Distribution payable                       | 19,352                    | 19,262                | 18,749                    |
| <b>Total current liabilities</b>           | <b>27,738</b>             | <b>175,644</b>        | <b>27,107</b>             |
| <b>Non-current liabilities</b>             |                           |                       |                           |
| Interest-bearing loans and borrowings      | 219,063                   | 51,469                | 195,818                   |
| <b>Total non-current liabilities</b>       | <b>219,063</b>            | <b>51,469</b>         | <b>195,818</b>            |
| <b>Total liabilities</b>                   | <b>246,801</b>            | <b>227,113</b>        | <b>222,925</b>            |
| <b>Net assets</b>                          | <b>599,932</b>            | <b>504,499</b>        | <b>479,544</b>            |
| <b>Unitholders' equity</b>                 |                           |                       |                           |
| Issued capital                             | 330,233                   | 330,233               | 330,233                   |
| Reserves                                   | 4,171                     | 3,067                 | (499)                     |
| Undistributed income                       | 265,528                   | 171,199               | 149,810                   |
| <b>Total unitholders' equity</b>           | <b>599,932</b>            | <b>504,499</b>        | <b>479,544</b>            |
| <b>Net tangible asset backing per unit</b> | <b>\$1.98</b>             | <b>\$1.67</b>         | <b>\$1.59</b>             |

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

**Bunnings Warehouse Property Trust**  
**Condensed Cash Flow Statement**  
For the half-year ended 31 December 2006

|                                                                              | <b>2006</b>     | 2005     |
|------------------------------------------------------------------------------|-----------------|----------|
|                                                                              | <b>\$000</b>    | \$000    |
| <hr/>                                                                        |                 |          |
| <b>Cash flows from operating activities</b>                                  |                 |          |
| Rent received                                                                | <b>31,409</b>   | 28,681   |
| Payments to suppliers                                                        | <b>(3,467)</b>  | (857)    |
| Payments to the responsible entity                                           | <b>(2,111)</b>  | (1,996)  |
| Interest received                                                            | <b>158</b>      | 61       |
| Finance costs                                                                | <b>(6,360)</b>  | (6,106)  |
|                                                                              | <hr/>           |          |
| <b>Net cash flows from operating activities</b>                              | <b>19,629</b>   | 19,783   |
|                                                                              | <hr/>           |          |
| <b>Cash flows from investing activities</b>                                  |                 |          |
| Payments for purchase of, and additions to, the Trust's property investments | <b>(19,036)</b> | (30,208) |
|                                                                              | <hr/>           |          |
| <b>Net cash flows used in investing activities</b>                           | <b>(19,036)</b> | (30,208) |
|                                                                              | <hr/>           |          |
| <b>Cash flows from financing activities</b>                                  |                 |          |
| Proceeds of borrowings                                                       | <b>18,164</b>   | 29,000   |
| Distributions paid                                                           | <b>(19,262)</b> | (18,599) |
|                                                                              | <hr/>           |          |
| <b>Net cash flows (used in)/from financing activities</b>                    | <b>(1,098)</b>  | 10,401   |
|                                                                              | <hr/>           |          |
| Net decrease in cash                                                         | <b>(505)</b>    | (24)     |
| Cash at the beginning of the period                                          | <b>6,212</b>    | 5,752    |
| <b>Cash at the end of the period</b>                                         | <b>5,707</b>    | 5,728    |
|                                                                              | <hr/>           |          |

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

**Bunnings Warehouse Property Trust**  
**Condensed Statement of Changes in Equity**  
For the half-year ended 31 December 2006

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

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

**Bunnings Warehouse Property Trust**  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2006

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**1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

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

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

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

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

**(a) Basis of accounting**

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

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

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

**(b) Statement of compliance**

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

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

**Bunnings Warehouse Property Trust**  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2006

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**2 Investment properties**

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

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

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

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

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

**3 Segment reporting**

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

**4 Issued capital**

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

**Bunnings Warehouse Property Trust**  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2006

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**5 Events after the balance sheet date**

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

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

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

**Bunnings Warehouse Property Trust**  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2006

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**6 Capital expenditure commitments**

|                                                                                              | <b>Dec<br/>2006<br/>\$000</b> | <b>Jun<br/>2006<br/>\$000</b> |
|----------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Estimated capital expenditure contracted for at balance date, but not provided for, payable: |                               |                               |
| Not later than one year                                                                      |                               |                               |
| Related Parties                                                                              | <b>5,758</b>                  | 6,709                         |
| Later than one year and not later than five years                                            |                               |                               |
| Related Parties                                                                              | <b>6,700</b>                  | 6,700                         |
|                                                                                              | <b>12,458</b>                 | 13,409                        |

*Maribymong, Victoria*

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

*Mile End, South Australia*

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

*Morayfield, QLD*

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

**7 Contingent assets and liabilities**

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

# Bunnings Warehouse Property Trust

## Directors' Report

For the half-year ended 31 December 2006

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In accordance with the Corporations Act 2001, Bunnings Property Management Limited (ABN 26 082 856 424), the responsible entity of Bunnings Warehouse Property Trust, provides this report for the financial half-year ended 31 December 2006. The information on pages 6 to 12 forms part of this directors' report and is to be read in conjunction with the following information:

### Directors

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

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

Directors were in office for this entire period.

### Review and results of operations

The operations of the Trust during the six months to 31 December 2006 and the results of those operations are reviewed on pages 9 to 12 of this report and the accompanying financial statements.

|                                     | <b>2006</b>    | 2005   |
|-------------------------------------|----------------|--------|
|                                     | <b>\$000</b>   | \$000  |
| Net profit                          | <b>113,681</b> | 34,595 |
| Distributable income for the period | <b>19,362</b>  | 18,788 |
| Opening undistributed profit        | <b>18</b>      | 16     |
| Adjustment on introduction of AIFRS | -              | (52)   |
| Distributable income                | <b>19,380</b>  | 18,752 |

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

### Units on issue

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

**Bunnings Warehouse Property Trust**  
**Directors' report**  
For the half-year ended 31 December 2006

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**Auditor independence and non-audit services**

The directors received the following declaration from the external auditor:



■ The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000  
Australia

■ Tel 61 8 9429 2222  
Fax 61 8 9429 2436

GPO Box M939  
Perth WA 6843

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

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

Ernst & Young

C B Pavlovich  
Partner

Perth, 8 February 2007

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

**W H Cairns**  
Chairman  
Bunnings Property Management Limited  
Perth, 8 February 2007

# Bunnings Warehouse Property Trust

## Directors' Declaration

For the half-year ended 31 December 2006

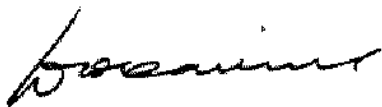
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In accordance with a resolution of the directors of Bunnings Property Management Limited, responsible entity for the Bunnings Warehouse Property Trust (the Trust), I state that:

In the opinion of the directors:

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

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



**W H Cairns**  
Chairman  
Bunnings Property Management Limited  
Perth, 8 February 2007

To the unitholders of Bunnings Warehouse Property Trust

## Report on the Half-Year Financial Report

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

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

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

### *Auditor's Responsibility*

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

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

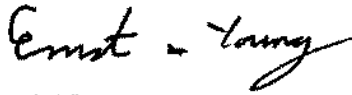
### *Independence*

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

*Conclusion*

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

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



Ernst & Young



C B Pavlovich

Partner

Perth

8 February 2007