PROSPECTUS

Public offer of 99 million units
at an issue price of $1.00 per unit

BUNNINGS
WAREHOUSE PROPERTY TRUST

Trust Manager
Bunnings Property Management Limited
ACN 082 856 424

Joint Lead Underwriters
ABN AMRO Rothschild
JB Were & Son

Co-Managers
Hartley Poynton Limited ACN 009 136 029
Porter Western Limited ACN 009 105 579

Key dates

Set out below is the proposed timetable for the Offer:

Offer opens	**12 August 1998**
Offer closes	**11 September 1998**
Units allotted	**18 September 1998**
Unitholder statements mailed	**21 September 1998**
Expected quotation on the ASX	**22 September 1998**

These dates are indicative only and are subject to change. The Manager, in consultation with the Underwriters, may close the offer earlier than 11 September 1998 or extend the closing date without prior notice. Investors are encouraged to submit their applications as soon as possible.

Contents

Disclaimer

None of the stock, fittings and vehicles shown in the photographs and pictures which appear in this prospectus will be transferred to the Trust.

Important notice

This prospectus is dated 17 July 1998 and was lodged with the Australian Securities & Investments Commission on 17 July 1998. The Australian Securities & Investments Commission takes no responsibility for the contents of this prospectus. No Units will be allotted or issued on the basis of this prospectus later than 12 months after the date of issue of this prospectus.

The offer of Units under this prospectus does not constitute a public offer in any jurisdiction other than Australia. This prospectus is not an offer to any person or an offer in any place, to which or in which it would not be lawful to make such an offer.

None of Bunnings Property Management Limited, any other member of the Wesfarmers Group or Perpetual Trustee Company Limited ACN 000 001 007 guarantees the performance of the Trust, the repayment of capital from the Trust or the payment of a particular return on any Unit in the Trust.

17 July 1998

Dear investor,

It is our pleasure to invite you to invest in the Bunnings Warehouse Property Trust.

The Trust is being established as a property trust focussed on warehouse retailing properties and, in particular, Bunnings Warehouses tenanted by Bunnings Building Supplies Pty Ltd, a wholly-owned subsidiary of Wesfarmers Limited.

The Trust will provide investors with the opportunity to participate in:

- *a forecast initial annualised distribution yield of 9.0 per cent; and*
- *the potential for long term capital appreciation.*

The income of the Trust will be underpinned by long-term leases with Bunnings Building Supplies.

The total value of properties to be acquired by the Trust, including the development of sites at Mandurah in Western Australia and Southport, Underwood and Cannon Hill in Queensland, is in the order of $170 million. Additionally, as the hardware business of Bunnings continues to grow, the Trust intends to participate in this growth through the acquisition of additional properties.

Wesfarmers has a commitment to the success of the Trust and will subscribe for an initial unitholding of 25 per cent in the Trust through a wholly-owned subsidiary.

Please read the prospectus carefully and consult your financial or other adviser before making any investment decision.

We commend this offer to you and look forward to welcoming you as a unitholder.

Yours sincerely

Harry Perkins
Chairman
Wesfarmers Limited

Bill Cairns
Chairman
Bunnings Property Management Limited

1

Investment highlights

Trust focus

The Trust is being established as a property trust focussed on warehouse retailing properties and, in particular, Bunnings Warehouses tenanted by Bunnings.

Distribution yield

Distribution yield (annualised) on the issue price is forecast at:

- 9.0 per cent for the nine months ending 30 June 1999; and
- 9.3 per cent for the year ending 30 June 2000.

20 initial properties

The Trust' s initial portfolio is geographically diversified and will comprise 20 properties in four States and the Australian Capital Territory of which:

- 14 properties are currently trading Bunnings Warehouses and two are expected to be trading Bunnings Warehouses by 1 October 1998; and
- four properties are Development Sites which are expected to be trading Bunnings Warehouses by 1 December 1998.

Long term leases

Trading Bunnings Warehouses will be fully tenanted by Bunnings under long-term leases. Bunnings is a wholly-owned subsidiary of Wesfarmers and its financial obligations are guaranteed by Wesfarmers under the Deed of Cross Guarantee.

Growth strategy

The fragmented Australian hardware industry and acceptance of the warehouse retail format provides Bunnings with significant growth opportunities and Bunnings intends increasing its share of the Australian hardware market through its Bunnings Warehouse strategy.

It is the intention of the Manager that the Trust will acquire New Sites to be developed as Bunnings Warehouses to lease to Bunnings.

Trust management

The Manager - a wholly-owned subsidiary of Wesfarmers - has been specifically formed to manage the Trust. It has a board of directors with a wide range of experience and qualifications.

Wesfarmers

The Wesfarmers Group will initially have an interest in 25 per cent of the Units on issue and intends to maintain its position as a substantial Unitholder in the Trust.

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DELIVERY
SAME
Paint
EXIT
LOWEST PRICES
LOWEST PRICES
Drapery
Flooring / Tiles
BUNNINGS
warehouse

Bunnings Warehouse Property Trust overview

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A number of defined terms are used in this prospectus and they can be identified by the use of capital letters. Definitions appear in Section 14.

2.1 The Offer

The Manager intends to raise a total of $132 million for the Trust by issuing 132 million Units.

99 million Units are available for subscription under this prospectus at a price of $1.00 per Unit, payable in full on application. Details of how to apply for Units are contained in Section 3.

In addition to the Offer, Wesfarmers has agreed to subscribe for 33 million Units at a price of $1.00 each through Wesfarmers Investments Pty Ltd ACN 078 120 877, a wholly-owned subsidiary.

The Offer under this prospectus has been underwritten by ABN AMRO Rothschild and JB Were & Son. Details of the Underwriting Agreement are contained in Section 11.1.

Oversubscriptions will not be accepted.

2.2 Trust strategy

The Trust is being established as a property trust focussed on warehouse retailing properties and, in particular, Bunnings Warehouses tenanted by Bunnings.

The initial portfolio of the Trust will be the Existing Properties which are to be sold by the Vendor to the Trust following the close of the Offer. These Bunnings Warehouses will be tenanted by Bunnings under long term leases. Details of the Property Sale Contracts and of the proposed leases are contained in Section 11.2 and Section 11.4 respectively.

The Manager has established the following objectives for the Trust:

- to provide unitholders with a steady, secure income stream and capital growth
- to protect unitholders' interests
- to increase the property portfolio
- to distribute all net income each financial year.

To achieve these objectives the Manager will pursue a number of strategies, which will include:

- acquiring properties with long term leases to substantial tenants
- ensuring that properties are well located and the portfolio is geographically diversified
- establishing and maintaining an appropriate compliance plan
- considering opportunities other than those presented by Bunnings where they are consistent with, and complementary to, the existing portfolio
- adopting a prudent interest rate hedging policy.

The performance of the Trust will be underpinned by the performance of the property sector and in particular the success of the Bunnings Warehouse strategy. The performance of the Trust will also be supported by the creditworthiness of Bunnings which is currently party to the Deed of Cross Guarantee. The Deed of Cross Guarantee is described in Section 7.3.

It is the intention of the Manager that the Trust will acquire New Sites for potential development in conjunction with Bunnings. Details of the Development Deed and future development plans are contained in Sections 11.3 and 6.2.

New acquisitions will be financed by a combination of debt and equity. In this regard, it is the Manager's preference to maintain the Trust's gross debt to assets ratio in a range between 20 per cent and 40 per cent.

Consistent with the Manager's interest rate hedging policy, the majority of the forecast debt requirement has been fully hedged until 30 June 2000 and partially hedged until December 2003.

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2.3 Financial summary

The following table sets out the forecast distribution amount, annualised distribution yield (based on the issue price) and the tax advantaged components per Unit:

	Nine month period ending 30 June 1999	Year ending 30 June 2000
Forecast distribution	6.8 cents	9.3 cents
Annualised distribution yield (based on the issue price)	9.0%	9.3%
Tax free component of distribution	12.4%	12.8%
Tax deferred component of distribution	19.6%	16.3%

On completion of the Offer, the net asset backing of the Units will equate to approximately $0.97 per Unit. The above should be read in conjunction with the detailed financial information contained in Section 8.

Further financial details are contained in Sections 8 and 10.2.

2.4 Trust management

Manager

The Trust will be managed by Bunnings Property Management Limited; a wholly owned subsidiary of Wesfarmers.

The board of directors of the Manager is ultimately responsible for the corporate governance practices of the Manager. The board comprises three non-executive directors (including the chairman) and two directors employed by Wesfarmers.

The Manager will receive a fee for managing the Trust. The Manager will also be reimbursed for expenses incurred on behalf of the Trust. Further details of the Manager, its terms of engagement and its role are contained in Sections 7.1 and 12.1.

Trustee

The Trustee is Perpetual Trustee Company Limited.

The Trustee will receive a fee for acting as the trustee of the Trust. Further details of the Trustee and its role are contained in Sections 7.5 and 12.1.

2.5 Relationship with Wesfarmers

At the date of this prospectus, a wholly-owned subsidiary of Wesfarmers owns one Unit (representing 100 per cent of the Units on issue). Following completion of the Offer the relationship of Wesfarmers to the Trust will be as:

- a major Unitholder (through a wholly-owned subsidiary)
- the holding company of the Manager
- the holding company of Bunnings which is the proposed tenant of the Bunnings Warehouses and which will complete and administer the development of any New Sites acquired by the Trust
- the holding company of the Vendor which proposes to sell the Existing Properties to the Trust
- the holding company of one of the insurers of the Trust and Bunnings

Further details of the relationships are contained in Section 7.3.

2.6 Underwriting

The Offer is underwritten by ABN AMRO Rothschild and JB Were & Son. Details of the Underwriting Agreement are contained in Section 11.1.

2.7 Australian Stock Exchange listing

Application will be made to the ASX within three business days after the issue of this prospectus for the Trust to be admitted to the official list of the ASX. Application will be made for official quotation of all 132 million Units in the Trust following the issue of Units.

If allotment of Units does not occur or if permission for listing is not granted by the ASX within six weeks of the issue of this prospectus (or within such longer period not exceeding 12 weeks after the date of issue of this prospectus as may be notified to the Trust by the ASX), all application monies received will be refunded to applicants without interest, in accordance with sections 1031 and 1036 of the Corporations Law.

The ASX does not take any responsibility for the contents of this prospectus.

The fact that ASX may admit the Trust to its official list is not to be taken in any way as an indication of the merits of the Trust.

2.8 CHESS and Unitholder statements

Upon admission to the official list of the ASX, the Trust will participate in the ASX Clearing House Electronic Sub-register System (CHESS) in accordance with the Listing Rules and the Securities Clearing House Business Rules.

The Trust will operate two electronic sub-registers which together will be the Trust's principal register of Units. Applicants can choose to hold their Units as a CHESS participant or as a holder sponsored by a CHESS participant.

The Trust will not issue certificates to successful applicants. Instead, applicants will be provided holding statements - similar to a bank account statement - which sets out the Units allotted to the applicant under this prospectus. Holding statements will be issued to all Unitholders by the Trust at the time Units are allotted to those Unitholders electing to hold their Units on the issuer sponsored sub-register. For Unitholders electing to hold their Units on the CHESS sub-register (on behalf of the Trust), statements will be issued at the end of the month of allotment.

The holding statement will provide details of a Unitholders Holder Identification Number (HIN) in the case of Units held on the CHESS sub-register or security holder reference number (SRN) in the case of Units held on the issuer sponsored sub-register.

After distribution of these initial holding statements, an updated statement will only be issued to Unitholders at the end of the month during which changes occur to the number of Units held.

3

How to apply for Units

3

3.1 Application and payment

Investors wishing to participate in the Offer must complete one of the Application Forms attached to this prospectus (Section 15). Applications must be accompanied by the payment in full of $1.00 per Unit. Payment must be in Australian dollars and by personal or bank cheque payable to "Perpetual Trustee Company Limited - BWPT Offer".

No brokerage or stamp duty is payable by applicants. Completed Application Forms together with payment in full should be sent to one of the addresses specified in the instructions covering the completion and lodgment of Application Forms which are contained in Section 15.

3.2 Minimum application

The minimum number of Units which may be applied for is 2000 requiring payment of $2,000. Additional Units may be applied for in multiples of 100 Units requiring the further payment of $100 for each multiple of 100 Units.

3.3 Allotment of Units

Units are expected to be allotted pursuant to the Offer on 18 September 1998.

Under the Trust Deed the Manager has discretion to refuse any application for Units in whole or in part.

If applications are received for more than the 99 million Units offered, the Manager may allot less Units than applied for or allot an applicant no Units at all. In either case, that proportion of application money which relates to Units applied for but not allotted, will be refunded to the applicant without interest.

3.4 Allocation policy

The Underwriters have the right to propose allottees for all underwritten Units although the Manager has the ultimate decision in relation to allotment.

Of the $99 million to be raised pursuant to this prospectus, the Underwriters propose that $33 million will be allocated to institutional investors, $19 million will be allocated to clients of the Underwriters and the Co-Managers and the remaining $47 million will be available to the public (which may include clients of the Underwriters and Co-Managers).

The proposed allocation may change if insufficient applications are received from any of these three groups.

3.5 Opening and closing dates

The Offer is expected to open on 12 August 1998 and is expected to close on 11 September 1998, subject to the right of the Manager - in consultation with the Underwriters - to change the dates without notice.

3.6 Questions

If you have any questions about the Offer, please contact your stockbroker or professional adviser. Alternatively, you may contact the Underwriters and Co-Managers:

ABN·AMRO Rothschild
Freecall **1800 450 005**

J B Were & Son Stockbrokers
Freecall
1800 005 522

Hartley Poynton Limited
Freecall
1800 644 266

Porter Western Limited
Freecall
1800 060 058

4


EFFORTLESS PULL
Longer Shaft
HOMELITE
SX-135
25cc
EASY START

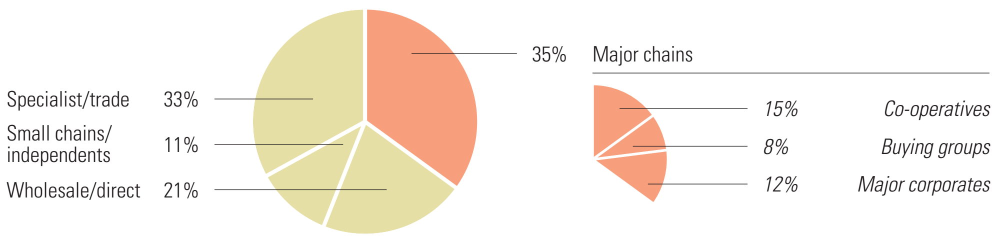
Hardware and the warehouse format

4.1 The Australian hardware industry

The Australian hardware and home improvement market is estimated to generate sales of approximately $16 billion per annum. Sales cover a wide range of merchandise including home, garden and building products. Australia's per capita hardware consumption is one of the highest in the world, with high levels of home ownership, large garden sizes, and dry weather conditions.

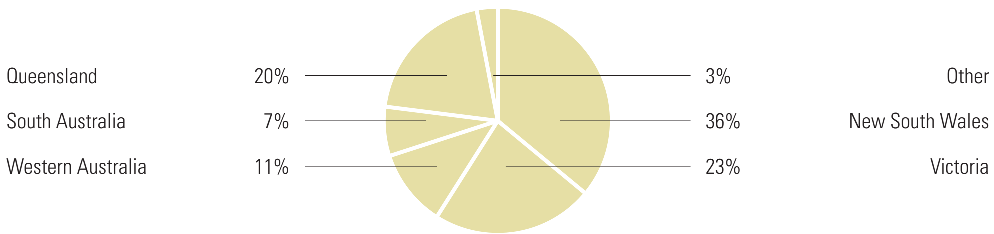
The hardware industry is highly fragmented with small owner/operators numbering approximately 3,300 of Australia's some 6,850 outlets. Major corporates including Bunnings, co-operatives and buying groups account for only an estimated 35 per cent of the total hardware market.

Australian hardware market shares



Victoria and New South Wales account for almost 60 per cent of the market, because of the population size and older housing stock in both of these States. With relatively high levels of economic growth, Western Australia and Queensland are accounting for a growing share of the total market.

Hardware sales by State



Through retail and trade customers, the hardware industry serves the home improvement market and home construction industry. The following table shows the relationship between the customer and the market:

Market	Customer	Characteristics
Home construction	Trade	Small to medium builders for new home construction
Home improvement	Trade Retail	Repairs, maintenance and improvements for owner/occupiers Do-It-Yourself owner/occupiers

The trade market relies on the new home construction and home improvement sectors. New home construction activity is cyclical, affected by employment prospects, housing supply, immigration rates, interest rates and affordability. In the medium to long term, new home demand will be a function of population size and composition, age of houses and social trends.

The home improvement market, although less sensitive to the social and economic factors which affect the new home market, is also cyclical. The family home is generally not subject to capital gains tax – a factor which has benefited the home improvement market. In addition, the high cost of moving homes has acted as a further incentive for people to improve their existing dwellings.

4

The retail market is referred to as the Do-It-Yourself ("D.I.Y.") market. D.I.Y. margins are higher and sales are less cyclical than the trade sector. The D.I.Y. market has gained a larger share of the home improvement market at the expense of trade sales due to the following factors:

- the willingness of individuals to undertake home improvements themselves, complemented by a more user-friendly range of products.
- an increase in the average age of housing stock, resulting in higher levels of spending on repairs and renovations. The smaller size of these renovations and additions is suited to the D.I.Y. owner/occupier.
- increased household disposable income. Since 1990, household disposable incomes have been increasing, providing consumers with more money to spend on retail goods including hardware.
- an aging population. Over the next ten years, the fastest growing age group will be the 50 to 64 year olds. Compared to any other population group, the 50 to 64 year olds have more disposable income and available time.

The total market is forecast to grow at an annual average nominal growth rate of between three per cent and five per cent until 2001 equating to an estimated market size of between $17 billion and $18 billion. It is probable that during this period trade sales will not grow significantly and retail sales will provide the majority of this growth .

4.2 Bunnings Building Supplies

Bunnings - a wholly owned subsidiary of Wesfarmers - is a specialist retailer of home, garden and building products. It serves both the home improvement market and the home building industry, particularly small to medium-sized builders and owner-builders. Bunnings operates throughout Australia under the "Bunnings" trade name.

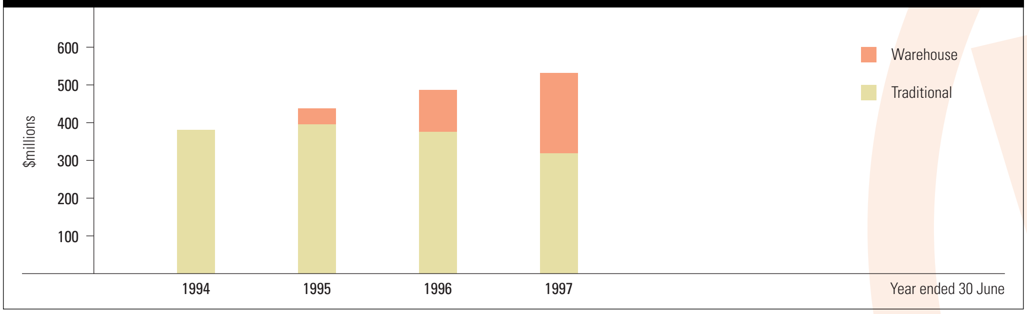
Bunnings has approximately four per cent of the Australian hardware market but a larger share of the D.I.Y. segment of that market. The fragmented Australian hardware industry provides Bunnings with significant growth opportunities. In addition, today's retail and trade customer has become more sophisticated, and is demanding a higher level of service, value for money and product variety.

Recognising the changing dynamics of the hardware market, Bunnings launched its Bunnings Warehouse retail strategy in 1994. The Bunnings Warehouse format offers customers:

- a large product range
- low prices
- high service levels

The Bunnings Warehouse format is now well developed with a proven record of success. Customers have supported the strategy with warehouse stores accounting for a steadily growing share of Bunnings' annual sales.

Bunnings sales



4.3 Bunnings Warehouse format

Hardware stores can be classified into four types:

Store type	Size	Range	Number of SKU's *	Markets
Convenience	<500 sq.m	General hardware	6,000 to 8,000	Retail from strip or regional shopping centres
Modern hardware	>500 sq.m	General hardware	6,000 to 8,000	Both trade and retail
Super stores	>2,000 sq. m	Full range of hardware including timber	12,000 to 20,000	Both trade and retail
Warehouse	>4,000 sq. m	Total product range including timber and garden supplies	>35,000	Both trade and retail

*SKU = Stock Keeping Unit or number of stock lines.

The Bunnings warehouse style of hardware store has been designed to totally satisfy the retail and trade customers' hardware and home improvement needs in one shop. This style of warehouse store differs from traditional Bunnings hardware stores in size, range and the level of service.

The Bunnings Warehouse format is characterised by:

- low building and maintenance costs. This provides lower occupancy costs, the benefit of which can be passed on to customers through lower prices and better service
- larger showroom areas. The larger format caters for the bulky nature of products sold and enables the customer to enjoy a greater variety of products not normally available from other hardware stores
- the store itself acts as a warehouse with excess stock stored on racks without reliance on a centralised warehouse distribution facility
- excellent exposure on major arterial roads
- ample and convenient parking and easy pedestrian access
- hire shop and customer advisory services to assist in undertaking projects previously left to the specialist
- staff include qualified trade personnel
- product variety at keenly competitive pricing

4.4 History of the warehouse format

Retailing through warehouse outlets is relatively new in Australia. The emergence of this approach to marketing follows an established trend in the United States of America and Western Europe.

Warehouse retailing formats occur on both single tenant stand-alone sites as well as multi-tenant retail parks. Retail parks are large in area and are tenanted by a number of bulky goods retailers.

Bunnings Warehouses are normally stand-alone sites. Construction of retail warehouses - both stand-alone and multi-tenant parks - has been very active in Australia over the last two years accounting for approximately one third of total retail sector completions.

4.5 Bunnings Warehouse strategy and future plans

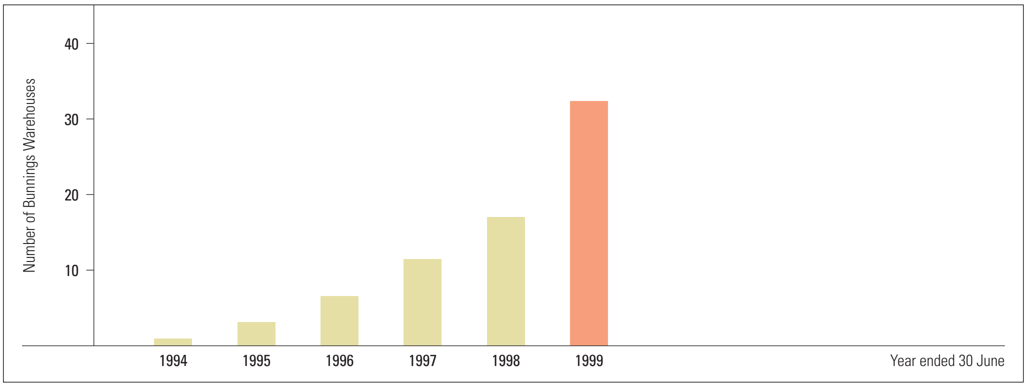
The three key elements of the Bunnings Warehouse strategy are:

- broad product range
- competitive prices
- intensive service

4

Bunnings operates in all mainland States and territories of Australia. Bunnings' strategy is to strengthen its market position through the establishment of further Bunnings Warehouses. As Bunnings strengthens its position in its existing markets, it will also expand geographically. This is occurring through the introduction of further Bunnings Warehouses in Queensland and New South Wales and may ultimately extend to countries other than Australia.

The establishment of further Bunnings Warehouses will occur through the construction of new warehouses as well as the redevelopment of a number of existing traditional stores. Bunnings has detailed plans to increase the number of Bunnings Warehouses to 32 by 1999. In the following two years, Bunnings plans to add 15 to 20 Bunnings Warehouses each year with a view to having 65 to 70 Bunnings Warehouses by the end of 2001.



The Trust has entered into a New Site acquisition and development arrangement with Bunnings and is well placed to benefit from this growth strategy. It is Bunnings' current intention to work with the Trust wherever possible in the development of New Sites. It is anticipated that some properties will be unavailable for sale to the Trust but the owners may be prepared to lease to Bunnings in which case the Trust will have no involvement. Under the Development Deed Bunnings is not obliged to offer and the Trust is not obliged to accept New Site development proposals.

Details of the Trust's future development plans and further details on the Development Deed are contained in Sections 6.2 and 11.3 respectively.


Indoor Gardening
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PRICE
SWEEPER VAC
VORTEX

5


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INSTALL
GUARANTEED
LOWEST
PRICES
EVERY DAY!
BUNNINGS
warehouse
GUARANTEED
LOWEST
PRICES
EVERY DAY!
BUNNINGS
warehouse
SAVINGS
OPEN
« Hardware
Flooring »

Overview of warehouse retail property market

9 July 1998

The Directors
Bunnings Property Management Limited
11th Floor
Wesfarmers House
40 The Esplanade
PERTH WA 6000

JLW Advisory
CORPORATE PROPERTY SERVICES
Level 23 Grosvenor Place
225 George Street
Sydney 2000 Australia
Locked Bag No.1
Grosvenor Place
Sydney 1220 Australia
Telephone 61 2 9323 5800
Facsimile 61 2 9223 5114
sydney@jlwadvisory.com.au

Dear Sirs

Warehouse retail market overview - Bunnings Warehouse Property Trust

JLW Advisory Services Pty Limited has been instructed by the Directors of Bunnings Property Management Limited to prepare a market review covering the Australian warehouse retailing property sector. The report will be included in a prospectus relating to the offer of Units in a proposed listed property trust that will acquire a number of hardware warehouse retail facilities throughout Australia.

1. Overview and executive summary

This report examines the evolution of the warehouse retail sector in Australia, which is now a distinct sector catering specifically to special purpose shopping trips. Bulky goods construction has been the most active of all retail categories over the last two years. The key success factors relevant to the sector are identified and relate to locational considerations and low establishment costs. Local councils have taken time to recognise warehouse retailing, however, it is now catered for in many town planning schemes throughout Australia. A review of the warehouse retail sector investment performance and the specific attributes which will contribute to its performance are provided.

Finally, our analysis of the hardware sector concludes that it has good growth prospects from its diverse business base which cushion it to a degree from major fluctuations. The fragmented nature of the industry and the wide market acceptance of the new generation warehouse superstores also provides it with sound growth prospects.

2. Origins and early developments

Warehouse retailing began to emerge as a distinct property class in Australia approximately 15 years ago. Initially, it was seen as part of the industrial sector involved in selling items from converted warehouse spaces within industrial zoned areas located on main traffic arteries. It has grown rapidly and is now an established property sector in its own right, with purpose built warehouse retail parks occurring throughout Australia.

Warehouse retailing has often been called bulky goods retailing because traditionally it has involved the sale of low cost/high bulk goods such as building products, household appliances, furniture and carpeting.

Products sold via warehouse retailing are typically out of the ordinary rather than a regular part of a shopper's behaviour and are seen as special purpose shopping. Customers tend to travel further for such purchases and will often visit the largest outlet offering the greatest range rather than the nearest.

The principal reason for the evolution of warehouse retailing is occupancy costs. Bulky goods retailing requires significant areas for storage of stock. Traditionally storage space was located in industrial areas, away from the point of sale. Warehouse retailing combines the storage facility with the retail outlet within an industrial or warehouse zoned location. These combined showroom/warehouse facilities were most successful on main arterial roads where exposure to passing traffic was good, whilst still in industrial areas where land and storage costs were relatively low and large areas could be paved for customer parking and delivery bays.

Over time, some bulky goods retailers have seen benefits in locating together in retail parks. Typically these retail parks incorporate a number of bulky goods outlets with a total floor area of between 8 000 and 25 000 square metres. These centres are commonly tenanted by:

- furniture, furnishings and floor coverings
- homemaker/homecare
- white goods
- garden centre
- indoor and outdoor entertainment
- leisure and recreation
- auto care

In addition, the newer retail parks incorporate food and refreshment outlets for shoppers.

The retail parks often include what are commonly known as category killers. These occupiers often operate on a national basis and specialise in particular categories of retail trade. In addition to stand-alone retail parks developed as a single entity, bulky goods centres are starting to appear in close proximity to shopping centres.

There is also a growing number of large scale single occupier retail warehouses developed individually. Examples include stand-alone outlets occupied by furniture retailers such as Ikea and Freedom Furniture as well as Bunnings and BBC in the hardware sector.

The Bunnings portfolio comprises principally large stand-alone retail warehouses purpose-built for its hardware business. Such warehouses are generally much larger facilities than are found in retail park developments and tend to draw from a wide catchment.

2.1 Overseas trends

Bulky goods retailing developed in the US well before it first appeared in Australia. So called big box retailing and power centres are now well established in the US where it has been estimated that 25 per cent of all retail trade is undertaken at a big box outlet.

In the UK, warehouse retailing is becoming increasingly popular. For example, in London's northern boroughs, old large factories and warehouses are being transformed into large space superstores and outlet centres. Councils are cleaning up industrial areas and providing infrastructure improvements to allow for the ongoing transformation from heavy industrial to warehouse retailing.

In the UK, US based groups such as Macarthur Glen have spearheaded the development of outlet villages in greenfield locations accessible to the motorway network. Space in these centres is leased to a variety of national and multinational retailers often selling discounted fashion labels, footwear and household goods.

In Australia, with its smaller population base and greater separation between major cities, to date warehouse retail development has been largely in response to consumer and occupier demand with few speculative projects initiated by the development industry. Currently, the sector is predominantly driven by operational tenants who require facilities that are particularly matched to a specific demand type and customer analysis. There is a recognition that average spend per customer is predominantly higher at retail warehouses with customers tending to actually spend rather than just browse.

It is likely that warehouse retailing will continue to develop market share across Australia in line with overseas trends, founded on solid consumer demand and widespread acceptance. Retail park developments are likely to become more widespread and be developed outside traditional retail areas. Free standing warehouse retail facilities such as those in the Bunnings portfolio will also become more common.

2.2 Key success factors

The key to successful warehouse retailing lies in securing the correct property and position. A good property has the following characteristics:

- visible and accessible from a major arterial, highway or freeway
- ready vehicle access regardless of the direction the customer is travelling
- ample parking
- appropriate council zoning
- cheap construction costs which are more akin to a warehouse costing as opposed to the cost of a shopping centre construction
- land with industrial values as opposed to commercial
- clustering of complementary outlets nearby
- significant catchment with the appropriate socio-economic characteristics for the retail operation

2.3 Planning issues

Historically, the most difficult issue facing the sector has been with the numerous local councils throughout Australia. Councils have previously recognised retail in the forms of shopping centres, central business districts and strip shopping and have sought to confine retailing activity to such areas. Warehouse retailing was, until recently, not identified by many councils as a legitimate property sector and it is only of late that specific zonings for warehouse retailing have started to emerge.

Currently, the response by councils to this use is inconsistent and varies from State to State, and between councils within the same State. In general, however, councils are now more receptive to the concept and specific bulky goods zonings are appearing within many town planning schemes.

It is envisaged that as more councils accommodate the bulky goods concept within zoning schemes, and as the concept continues to be accepted by the property investment market, the supply of bulky goods centres will increase.

3. Performance indicators

Due to the relative recent emergence of warehouse retailing and bulky goods retail as a distinct property segment there is limited historic data from which to assess performance trends.

3.1 Construction

Bulky goods construction has been the most active of all retail categories over the last two years accounting for around one third of total completions across the sector. This growth in supply reflects the continuing evolution of this type of retailing throughout Australia.

Completions in 1997, approximately 200 000 square metres, have been marginally lower than 1996 and have been underpinned by expansion of the major category killer chains such as Bunnings. Sydney, Melbourne and Perth have been the most active although construction is increasing in south east Queensland.

Strong levels of completions are expected in 1998 particularly in the eastern States where construction of major warehouse facilities is expected to continue.

3.2 Vacancies

Vacant space in bulky goods projects completed over the year of 1997 is moderate averaging 10.2 per cent nationally. These vacancies are confined largely to speculatively developed multi-tenanted homemaker showroom developments rather than in retail warehouses custom built for specific operators. The majority of vacancies have occurred in south east Queensland (21.9 per cent) and Perth (16.9 per cent). Vacancies in Sydney and Melbourne are relatively low (around 5 per cent).

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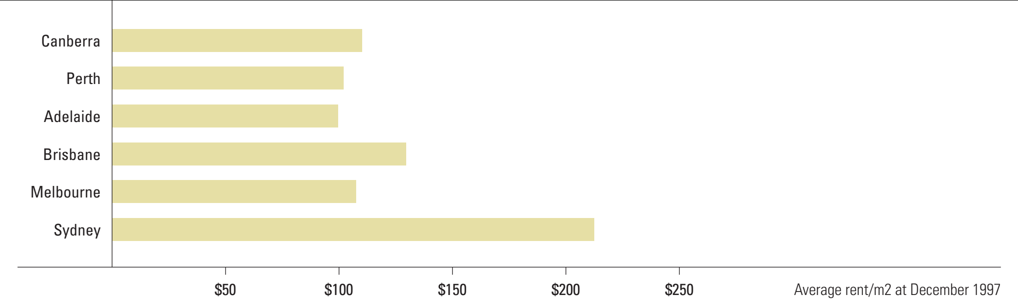
This is not a problem for properties such as the Bunnings portfolio which comprises very large warehouses with a single occupier as opposed to multi tenanted retail parks. In such cases these facilities have been custom built for the particular operation in response to specific consumer demand and market analysis.

3.3 Rental levels

Rents for typical bulky goods space, which is predominantly in warehouse retail parks, have remained stable in all cities except Sydney and Canberra over the last 12 months. They typically range from $100 per square metre in Adelaide to $213 per square metre in Sydney although much lower rates prevail for large warehouse style premises (see figure 3.1). Average rents in Sydney increased by 2.4 per cent but public sector rationalisation and lower population growth has contributed to a ten per cent fall in rents in Canberra over the same period.

Figure 3.1 - Average rentals: bulky goods retail property



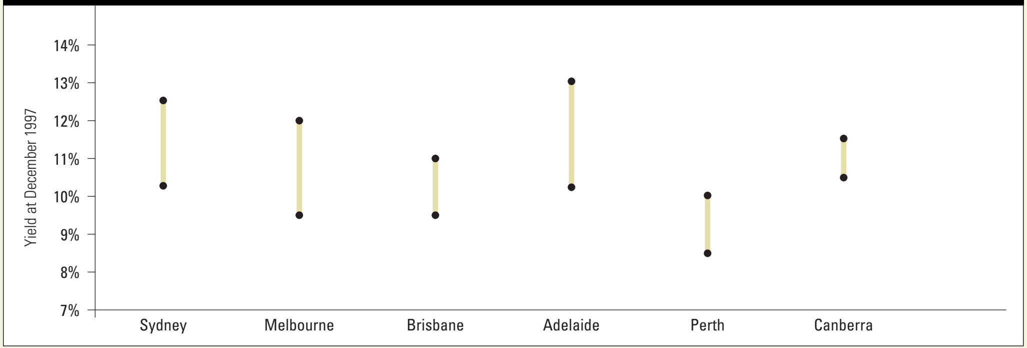
3.4 Sales activity

Sales of bulky goods centres and premises remain limited, with five transactions recorded in excess of $1 million in the 12 months to December 1997 totalling $29.5 million.

In the first quarter of 1998 there were two major sales, both involving homemaker centres in Brisbane amounting to $26.5 million. Both centres were purchased for inclusion in the Homemaker Retail Trust.

Investment yields in both Sydney, Melbourne and Perth have fallen over the last 12 months reflecting positive market fundamentals and growth prospects for the sectors. Across Australia, yields for the bulky goods sector averaged in the range of 9.25 per cent to 11.67 per cent at December 1997. The yield range is illustrated in the chart at figure 3.2.

Figure 3.2 - Bulky goods yield range



The properties included in the Bunnings Warehouse Property Trust portfolio are subject to long term leases with Bunnings. As such it is expected that the yields for these particular buildings will be lower than those for multi tenanted centres illustrated in the yields chart, and are generally in the range of 9.0 to 9.5 per cent, reflecting the security of the lease and tenant covenant.

Investments of this nature depend heavily on the covenant strength of the tenant and their ability to pay rent over the term of their lease. The strongest covenants tend to be provided by long term leases to well established national operations of public companies.

With many of the larger warehouse retail developments having the characteristics of both industrial property in terms of location and construction, and retailing in terms of business, it is anticipated their performance may represent a combination of the two sectors. Investor sentiment towards both sectors remains positive with relatively strong growth in total returns (ie. rental revenue plus capital growth) in the industrial sector during 1997.

4. The hardware industry

The portfolio of properties in the Trust comprises properties developed for and operated by Bunnings, a wholly owned subsidiary of Wesfarmers Limited and a specialist retailer of home, garden and building products, serving the home improvement and home building industry.

The hardware sector in Australia has an estimated turnover of approximately $15 to $16 billion and is presently highly fragmented. Major corporations account for only 12 per cent of the total market with Bunnings accounting for approximately four per cent. Co-operatives and buying groups account for around 23 per cent with the remainder of the market divided amongst small chains, specialist and trade suppliers and wholesale and direct retailers. In addition to specialist hardware stores national chain discount department stores such as Target and Big W also offer a limited range of hardware lines.

4.1 Market segments

The hardware market may be considered in terms of three market segments:

- new housing construction
- home improvements
- retail sector (DIY)

The first two categories predominantly serve trade customers comprising small to medium sized builders and tradesmen. The retail sector is focused on owner occupiers performing repairs, maintenance and improvements themselves.

New construction

The new dwelling construction component of the trade sector is most closely related to the performance of the housing industry.

Factors influencing the short term demand for new housing include employment prospects, dwelling supply, immigration, household formation rates and affordability including interest rates, wages growth and pricing. In the longer term, population growth and composition with its particular impact on housing requirements, economic growth and social and lifestyle changes as well as urban policies influence the levels of housing demand and construction activity.

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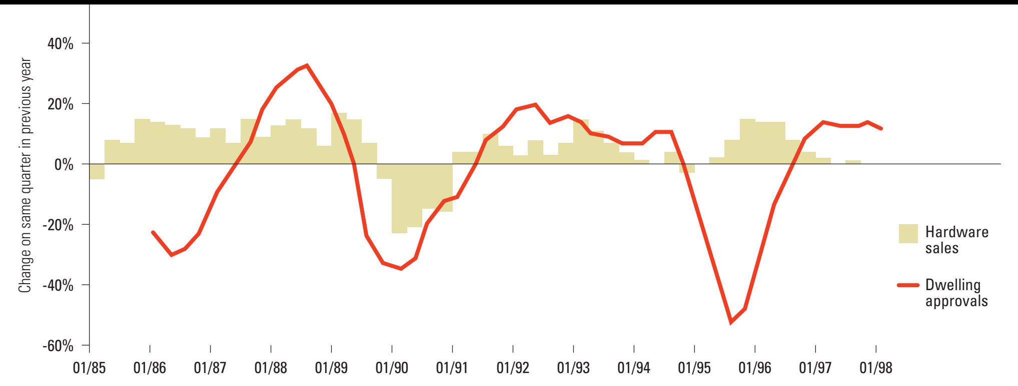
Figure 4.1 below compares retail hardware sales and new housing approvals.

Figure 4.1 - Dwelling approvals and hardware sales



Although hardware expenditure generally followed housing approvals for much of the past decade, periods of cyclical downturn in the housing industry do not necessarily lead to a decline in hardware expenditure. The chart illustrates that the recent sharp reduction in housing starts during 1995/96 was marked by sustained growth in hardware expenditure, whilst the growth in dwelling approvals over the past 18 months has occurred during a relatively static period of hardware expenditure.

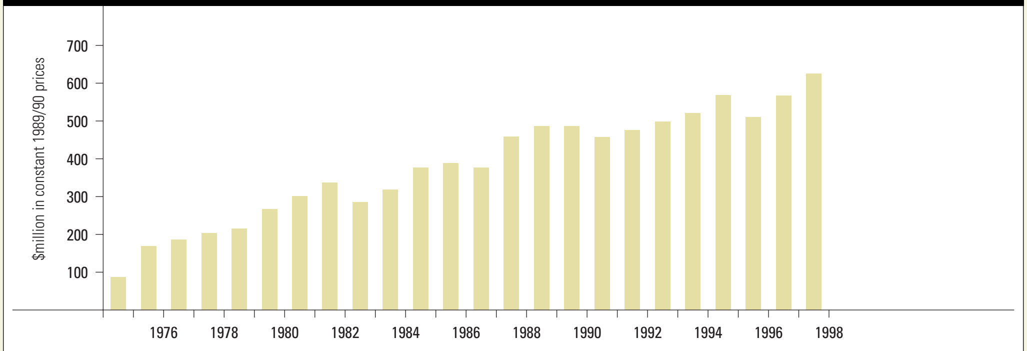
The outlook for the new housing construction sector suggest that activity is currently close to its cyclical peak, and despite the apparent strength of the domestic economy, the prospect of a rise in interest rates is likely to slow construction over the next two years.

Home improvements

The renovations and alterations segment represents a significant component of hardware sales. According to a study by the Department of Housing and Regional Development in 1994 [1], expenditure on home improvements across Australia during 1992 amounted to $8.8 billion or 69 per cent of the national value of new dwelling commencements. An estimated 30 per cent of total households undertook some form of home improvement project in 1992, with the most significant in order of total value being ground and upper floor additions, kitchen renovations, bathroom renovations and paving and concreting.

The value of home improvements, as recorded by the Australian Bureau of Statistics is illustrated in figure 4.2 below. It should be noted that this excludes work for which council approval was not sought and, from 1988 works of less than $10,000 in value. The Department of Housing and Regional Development study suggests that the total value is in fact 4.27 times that recorded by the Australian Bureau of Statistics.

Figure 4.2 - Value of building approvals for alterations and additions

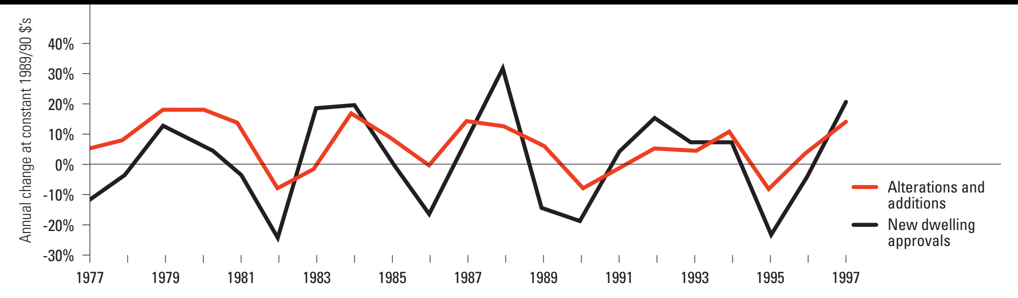


1 Study to investigate the alterations and additions sector of the housing industry, Department of Housing and Regional Development, Occasional Series No 8, 1994

The home improvements market is subject to cyclical fluctuations although these are less pronounced than for new dwelling construction (see figure 4.3). The market is not affected by speculative development activity and first home buyers but rather is driven by existing owners and is less sensitive to interest rates and urban policies.

The value of alterations and additions to residential property recorded by the Australian Bureau of Statistics has increased at a compound rate of 12 per cent per annum in real terms over the last ten years. In recent years the rate of growth has slowed and future growth is sensitive to economic prospects, stable interest rates and employment security.

Figure 4.3 - Change in value of home improvements and new dwelling approvals



Amongst the key drivers of the growth in the home improvements sector is the ageing housing stock. Over 50 per cent of Australian dwellings are more than 20 years old, with a clear correlation between the proportion of households undertaking improvement projects and the age of the dwelling. High levels of stamp duty and removal costs provide a strong disincentive to relocate with households having an increasing tendency to improve or add to their existing dwelling rather than move.

There are also strong financial incentives for owner occupiers to improve their existing dwellings with an absence of capital gains providing a significant tax advantage to owners to invest in their main residence. This is further encouraged by the spread of flexible mortgages which allow borrowers more readily to access their capital for home improvements and at lower cost than traditional loans.

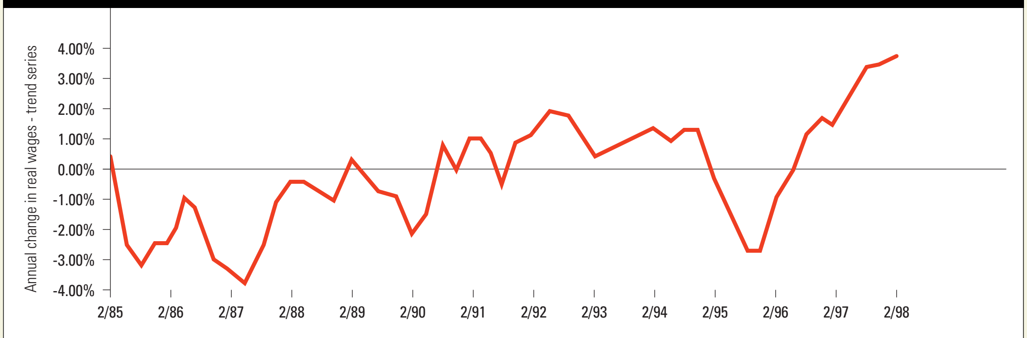
The retail or DIY market

Retail DIY expenditure is expected to show sustained growth in the short term, increasing market share over trade expenditure.

The factors driving growth in the DIY market are a combination of economic and demographic influences as well as societal trends.

DIY growth is underpinned by growth in disposal incomes as a result of wages growth. Average wages increased by almost four per cent in real terms in the year to February 1998 (see figure 4.4). Further increases in weekly earnings are forecast in the short term with more positive economic conditions and lower unemployment underpinning growth.

Figure 4.4 - Real wages growth: Australia



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With the increase in the age of the housing stock the amount of expenditure on repairs and maintenance is continually increasing. There is evidence to suggest that an increasing proportion of households are prepared to tackle housing repairs and improvement jobs themselves rather than employing tradesmen and contractors. This trend is as a result of:

- a maturing population with increasing numbers of active retirees with time to carry out DIY tasks
- improving levels of education, enabling people to undertake a greater range of DIY activities
- improvements in information and self help in the form of TV and magazine articles
- better products which are easy to use and aimed at the DIY practitioner
- better product information aimed at a non professional audience, and improved product displays and customer support
- the difficulties of finding and the high costs of employing reliable tradesmen to undertake smaller jobs
- over the next decade the 50-64 year old age group will be the fastest growing component of the population and the group most likely to undertake housing repairs and improvements themselves.

The new generation warehouse superstores have been instrumental in encouraging this DIY trend through higher levels of customer service staff to provide advice, a wider range of products aimed at the home handyman/woman and ability to provide all the materials and equipment for most jobs at the one location.

It is anticipated that the DIY sector of the hardware market will be the most resilient to any slowing of economic conditions or rising interest rates over the next few years.

4.2 Outlook for retail expenditure

The hardware sector represents a small component of the overall retail market. The outlook for the sector is dependent on a range of industry specific influences outlined above as well as the broader trends in the overall retail market. For the retail market in general, key short term drivers paint a mixed picture for retail sales during 1998 which has been further clouded by recent events in domestic and overseas financial markets. Growth in retail turnover will be underpinned by:

- **improved labour market.** The recent improvements in this labour market are expected to be maintained over the next six months, with national employment growth increasing. More confidence in job security and wages growth is likely to underpin spending.
- **further wages growth.** Further improvements in national average weekly earnings is expected in the short term with more positive economic conditions, lower unemployment and catch-up from productivity gains underpinning growth.
- **positive consumer sentiment.** Improvement in economic and labour market conditions should underpin consumer sentiment. Nonetheless, recent surveys have pointed to a mixed short term outlook due to a perceived impact of the Asian crisis on Australian economic growth.

Over the longer term, a number of structural issues may place pressure on retail sales growth. Current and historical trends in retail sales may not be replicated over the longer term due to a number of factors including:

- the ageing of the population,
- changing retail expenditure tastes,
- increased expenditure on new products such as gambling, health care, child care, and education,
- real prices growth and the impact of technology changes, and
- workplace restructuring and increased participation rates.

5. Concluding remarks

The warehouse retailing sector has developed as a legitimate sector of the retail market catering specifically to special purpose shopping trips. It has taken some time for councils to recognise warehouse retailing although it is now addressed in many town planning schemes throughout Australia.

The greatest activity has been in the development of multi occupier retail warehousing parks, much of it on a speculative basis.

Development of single use, free standing warehouse facilities which characterise the Bunnings Warehouse Property Trust's portfolio has been more measured, driven by occupier requirements and market demands.

The hardware sector has good growth prospects from its diverse business base which cushion it to a degree from major fluctuations. The fragmented nature of the industry and the wide market acceptance of the new generation warehouse superstores also provide sound prospects for growth in terms of both market share and the overall hardware market.

6. Liability disclaimer

JLW Advisory Services Pty Ltd stresses that the estimates of future property performance should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making projections involves assumptions about a considerable number of variables which are very sensitive to changing conditions. Variations in any one may significantly affect outcomes, and we draw your attention to this.

JLW Advisory has prepared this report which appears in this prospectus and specifically disclaims liability to any person in the event of any omission from or false or misleading statement included in this prospectus, other than in respect of this expert's report and the other information provided by JLW Advisory elsewhere in this prospectus.

JLW Advisory has not been involved in the preparation of the prospectus or any part thereof other than by way of this letter and the other references to information provided by JLW Advisory made elsewhere in the prospectus.

Neither JLW Advisory nor any of its directors make any warranty or representation as to the accuracy of the information in any part of the prospectus other than as expressly made or given by JLW Advisory in this letter.

Yours faithfully
JLW Advisory

Graham Coutts
Director, Consultancy Services

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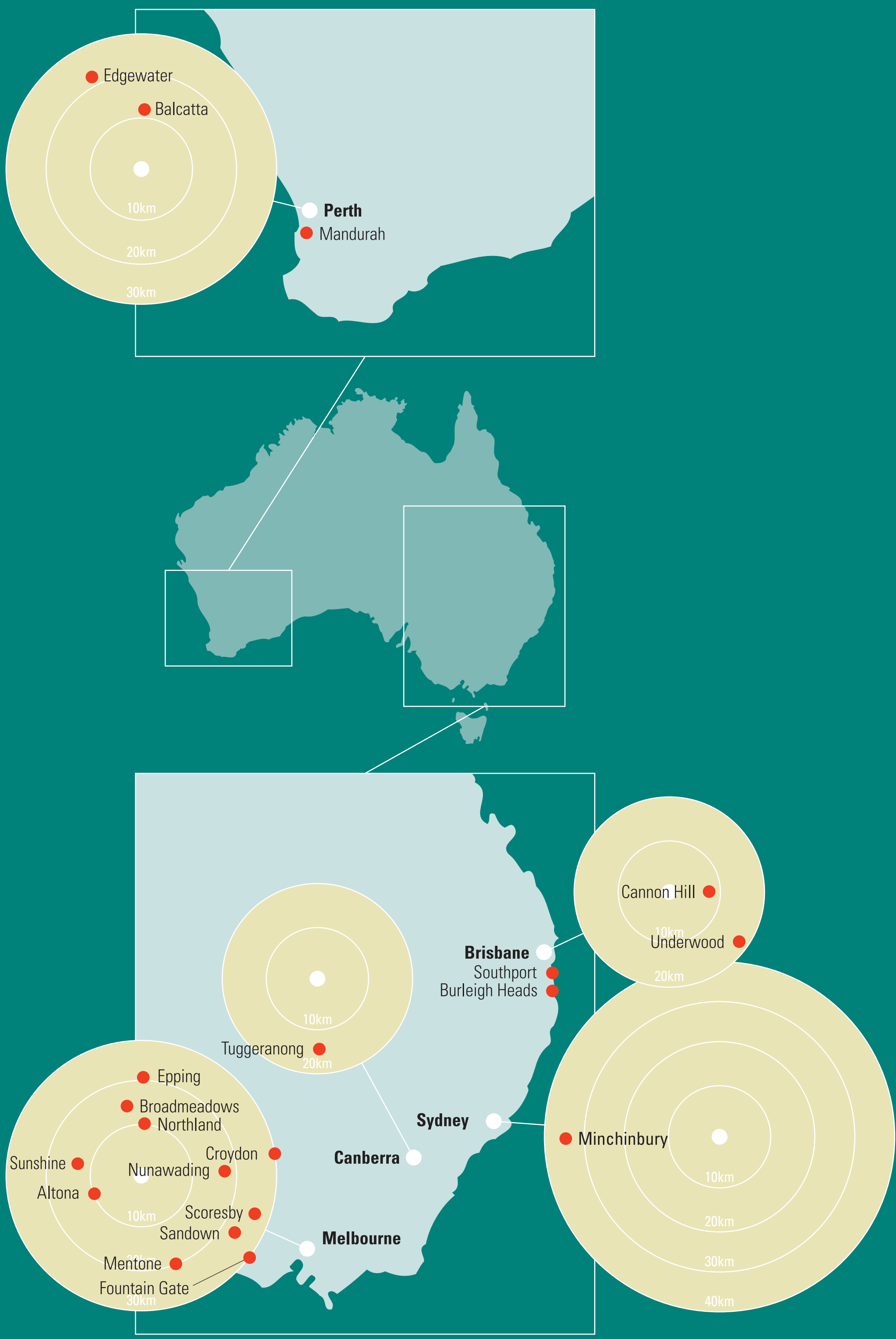


Location of the Existing Properties

Property portfolio and future developments

6.1 Property portfolio

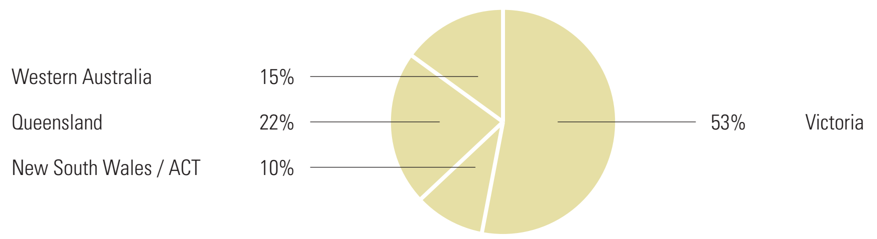
Overview

The Bunnings Warehouse Property Trust's portfolio will initially consist of 14 Existing Properties which are trading Bunnings Warehouses, two Existing Properties which are expected to be trading Bunnings Warehouses by 1 October 1998, and four Development Sites which are expected to be trading Bunnings Warehouses by 1 December 1998. The trading Bunnings Warehouses will be fully tenanted by Bunnings under long term leases.

All Existing Properties which are trading Bunnings Warehouses have appropriate zoning to allow hardware warehouse retailing.

The Existing Properties are located in industrial or commercial areas close to major roads. Property has been selected to maximise visibility to passing traffic and to provide easy customer access. The Existing Properties are located in each of the mainland Australian States other than South Australia. The following chart illustrates the geographic diversification of the portfolio on the basis of value.

Geographic spread by value (after completion of the Development Sites)



The portfolio's value will initially be weighted towards Victoria. It is the Manager's intention to continue the geographic diversification of the portfolio. The future development plans of Bunnings and the ability of the Trust to participate in these plans is detailed in Sections 4.5 and 6.2.

The Trust's initial portfolio will be purchased for its market value of $148 million, plus stamp duty. Total payments will be $170 million, plus stamp duty, after completion of the Development Sites. This will be funded by equity and the balance by debt.

Upon completion of the Development Sites, individual Existing Properties will represent between 3.2 per cent and 7.2 per cent of the portfolio value, providing Unitholders with exposure to a spread of properties with different demographic characteristics.

Details of the Property Option and the Property Sale Contracts are contained in Section 11.2.

6

Summary and valuation

The following summary and valuations of the Bunnings Warehouse Properties as at 31 May 1998 should be read in conjunction with, and subject to, the JLW Advisory's valuation report contained in Section 10.1.

Existing Properties trading or expected to be trading on 1 October 1998

Property	Valuation $000's	Purchase price $000's	Annual rental $000's	Passing Initial Yield % per annum
Balcatta, WA	11,200	11,200	1,000	8.93
Edgewater, WA	8,100	8,100	725	8.95
Sunshine, Vic	7,000	7,000	650	9.29
Mentone, Vic	9,400	9,400	850	9.04
Altona, Vic	6,800	6,800	650	9.56
Nunawading, Vic	12,200	12,200	1,100	9.02
Fountain Gate, Vic	8,300	8,300	750	9.04
Broadmeadows, Vic	7,200	7,200	650	9.03
Northland, Vic	8,600	8,600	775	9.01
Croydon, Vic	7,800	7,800	700	8.98
Sandown, Vic	7,800	7,800	700	8.97
Scoresby, Vic	8,300	8,300	750	9.04
Epping, Vic	7,800	7,800	700	8.98
Tuggeranong, ACT	7,900	7,900	750	9.49
Minchinbury, NSW	9,200	9,200	850	9.24
Burleigh Heads, Qld	9,700	9,700	915	8.97 (assumes annual rental of $870,000 after land tax)

Development Sites expected to be trading on 1 December 1998

Property		Valuation $000's	Purchase price / total acquisition cost $000's	Annual access fee / rental $000's	Passing Initial Yield % per annum
Mandurah, WA	- undeveloped	2,200	2,200	207	
	- developed	5,400	5,400	485	8.98
Southport, Qld	- undeveloped	2,800	2,800	261	
	- developed	9,400	9,400	898	9.04 (assumes annual rental of $850,000 after land tax)
Underwood, Qld	- undeveloped	3,000	3,000	280	
	- developed	8,850	8,850	852	9.04 (assumes annual rental of $800,000 after land tax)
Cannon Hill, Qld	- undeveloped	2,500	2,500	233	
	- developed	8,850	8,850	846	9.04 (assumes annual rental of $800,000 after land tax)

Key lease terms

- The term is five years with four option terms of five years each. The Trustee or Bunnings can exercise the first two five year options but only Bunnings can exercise the last two five year options.
- Rental is reviewed annually in line with movements in the Consumer Price Index compiled by the Australian Bureau of Statistics as the Weighted Average (Eight Capital Cities – All Groups Index Numbers) except on each fifth anniversary of the commencement date when rent is reviewed to market rental determined in accordance with generally accepted rent review criteria. On a market review there is a restriction on the rental decreasing below the commencement rent.
- Bunnings is responsible for payment of all outgoings which include all normal rates, taxes and assessments including land tax (except in Queensland) and Metropolitan Region tax at the amount assessed. Bunnings is responsible for payment of all utilities utilised by it from the premises.
- While Bunnings or a related body corporate is the lessee it may assign the lease to a related body corporate without the consent of the Trustee. In any other circumstance the consent of the Trustee is required to assign the lease. The lessee is entitled to sublet at any time without the consent of the Trustee.
- Bunnings is required to keep and maintain the property in good and tenantable repair excluding fair wear and tear and structural liability. This obligation includes the obligation to repaint the premises as and when required but no repainting period is specified.

  The Trustee is responsible for maintaining the property and services in good structural repair and condition provided that this responsibility will vest in Bunnings for a period of seven years from the commencement date of the lease if the Trustee has acquired the property from the Vendor.
- The Trustee warrants under the lease that in relation to the premises all service and utility connections are in good order, there is nothing that could result in an obligation or fine under any environmental law, the premises and its use complies with zoning and other State and local government requirements and that sewer connections are beneath the premises. However, if the Trustee has acquired the property from the Vendor, the Trustee will not have this liability for a period of seven years from the date of commencement of the lease.

Further details of the proposed leases are contained in Section 11.4.

Disclaimer

Some of the photographs and pictures which appear in Section 6.1 show adjoining land and buildings which do not form part of the Existing Properties.

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Balcatta

191 Balcatta Road, Balcatta, Western Australia.

Brief description:	A recently completed high clearance warehouse trading as a bulky goods retail outlet with associated car parking.
Gross lettable area:	9,368 square metres
Land area:	43,196 square metres
Town planning:	Special Garden Industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May, 1998
Valuation:	$11.2 million
Proposed purchase price:	$11.2 million
Proposed annual rental:	$1,000,000
Passing Initial Yield:	8.93 per cent per annum

The property is located within the Balcatta commercial/industrial precinct, approximately 12 kilometres north of the Perth central business district on the north eastern corner of Balcatta and Erindale Roads.

Development within the proximity of the property consists of office/warehouse premises together with retail showrooms along the main thoroughfares of Erindale and Balcatta Roads. A number of major companies such as Foodland, Berrivale and Peters have established major operations in the area.

Balcatta is one of the highly regarded commercial/industrial areas of the metropolitan region due mainly to its proximity to established urban areas and the ease of access to the city centre via the Mitchell Freeway.

Edgewater

Lot 10, Joondalup Drive, Edgewater, Western Australia.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,722 square metres (fully enclosed covered area)
Land area:	25,380 square metres
Town planning:	Mixed Business
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$8.1 million
Proposed purchase price:	$8.1 million
Proposed annual rental:	$725,000
Passing Initial Yield:	8.95 per cent per annum

The property is located within the recently established residential suburb of Edgewater, approximately 23 kilometres north west of the Perth central business district and three kilometres south of the developing Joondalup City on the north western corner of Joondalup Drive and Ocean Reef Road.

Joondalup city centre is proposed eventually to be the most important commercial centre north of Perth with 40,000 people expected to be employed within this area and a population of 450,000 by the year 2021. Services and amenities already located within the Joondalup central business district include the Lakeside Joondalup Shopping Centre, City of Wanneroo offices, Wanneroo Hospital, Joondalup TAFE Campus, Edith Cowan University and several State and Commonwealth Government instrumentalities including LandCorp and the Water Authority of Western Australia.

The growth of Joondalup as a satellite city will also be underpinned by the continued expansion of the north-west corridor coastal suburbs which have made the City of Wanneroo one of the fastest growing municipalities in Australia in recent years and clearly the fastest growing in Perth.

6

Sunshine

480 Ballarat Road, Sunshine, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,413 square metres
Land area:	20,430 square metres
Town planning:	IN4B - General industrial zone (Sunshine)
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.0 million
Proposed purchase price:	$7.0 million
Proposed annual rental:	$650,000
Passing Initial Yield:	9.29 per cent per annum

The property is located within the suburb of Sunshine, approximately 15 kilometres west of the Melbourne central business district. It is positioned within a mixed use area which includes an established residential primary catchment and industrial/commercial uses interspersed on major highways. Developing residential areas are located further west.

The property occupies a prominent position on the north eastern corner of McIntyre Road and the Western Highway and is opposite the new Sunshine Marketplace Shopping Centre. The Myer "Good-Buys" warehouse is also located on the north western corner. The West End Market is further north on McIntyre road. This has established this intersection as a bulky goods warehouse outlet centre. The Western Highway (Ballarat road) is a major distributor and carries significant traffic flows.

The Albion railway station is on the southern side of the Western Highway and a number of bus services operate past the property on the Western Highway.

Mentone

3 Nepean Highway, Mentone, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	8,151 square metres
Land area:	25,190 square metres
Town planning:	Light industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$9.4 million
Proposed purchase price:	$9.4 million
Proposed annual rental:	$850,000
Passing Initial Yield:	9.04 per cent per annum

The property is situated in the north eastern corner of Nepean Highway and Oak Avenue, Mentone is approximately 20 kilometres south of the Melbourne central business district. Mentone is a well established and fully developed bayside suburb of Melbourne.

Nepean Highway is a major arterial road that provides access between the Mornington Peninsula through the southern suburbs into the Melbourne central business district. It carries large volumes of traffic and subsequently the highway frontage is well developed in parts with showroom and peripheral sales type uses. Warrigal Road, which intersects with Oak Avenue, is another main north-south route in the area. Immediately surrounding the subject property are a few showroom/service retail properties and some large industrial uses. Otherwise the surrounding area is predominantly residential.

Public transport facilities include Mentone railway station and a bus service operating on Nepean highway. Southland, a major regional shopping centre, is located some two kilometres north of the property on Nepean Highway.

Altona

290-298 Millers Road, Altona, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,851 square metres
Land area:	23,640 square metres
Town planning:	Manufacturing 3
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$6.8 million
Proposed purchase price:	$6.8 million
Proposed annual rental:	$650,000
Passing Initial Yield:	9.56 per cent per annum

The property is located within the suburb of Altona North approximately ten kilometres west of the Melbourne central business district. Immediate surrounds are mixed use with the primary catchment area located to the east and south in established residential areas. There are significant tracks of chemical based industrial uses located to the west, including Cabot Australasia Pty Ltd adjoining to the south. The subject property forms part of a former school with the existing school buildings adjoining to the north.

The Altona Gate sub-regional shopping centre is located approximately two kilometres north on Millers Road. Millers Road acts as a north-south link road between residential areas positioned to the south and the Westgate Freeway to the north.

Access to the site is available at two points on the Millers Road frontage with egress restricted to left turn only. A median strip break is provided for right turn entry at one point. Bus services operate past the property in both directions on Millers Road and connect to the Altona railway station positioned approximately three kilometres to the south.

Nunawading

250 Whitehorse Road, Nunawading, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	9,712 square metres
Land area:	32,970 square metres
Town planning:	General industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$12.2 million
Proposed purchase price:	$12.2 million
Proposed annual rental:	$1,100,000
Passing Initial Yield:	9.02 per cent per annum

The property is situated on the southern side of Whitehorse Road, just west of the intersection with Springvale Road, in Nunawading approximately 18 kilometres east of the Melbourne central business district. Nunawading and the surrounding suburbs are well established residential areas of Melbourne.

Whitehorse Road (Maroondah Highway) is a major arterial road that carries high volumes of traffic and provides access from the eastern suburbs through to the central business district. As a result, the property receives excellent exposure from passing traffic and is situated among many other bulky goods and service retailers and showroom uses, taking advantage of the highway frontage. Springvale Road, less than one kilometre east of the property, is one of the main north-south routes in the area.

Nunawading railway station is located one kilometre east of the property and a comprehensive bus service operates in the area. Box Hill district centre, incorporating a commercial precinct, enclosed and strip shopping facilities and a transport interchange is approximately four kilometres to the west, on Whitehorse Road.

6

Fountain Gate

64-86 Narre Warren North Road, Fountain Gate, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,617 square metres
Land area:	32,350 square metres
Town planning:	Special Use - 9A
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$8.3 million
Proposed purchase price:	$8.3 million
Proposed annual rental:	$750,000
Passing Initial Yield:	9.04 per cent per annum

The property is situated on the eastern side of Narre Warren North Road, between Victor Crescent and Lauderdale Road, in Fountain Gate, approximately 38 kilometres south-east of the Melbourne central business district.

Fountain Gate and the adjoining suburbs of Narre Warren and Berwick is a residential area that has been progressively developed since the 1980's. Land subdivision and new housing is generally occurring to the north and east of the property.

Princes Highway, some two kilometres south of the property, provides good access through the south eastern suburbs to the central business district, as well as to the south eastern Freeway. Narre Warren railway station is located on the southern side of Princes Highway and there is also a bus service operating in the area.

To the western side of Narre Warren North Road is Fountain Gate shopping centre, which includes a K-Mart, Target, Safeway, Coles and specialty shops, making up approximately 43,000 square metres of gross lettable area. It is planned that this centre will be extended to regional status over the next few years. Also in close proximity are a number of fast food restaurants, service retail and other bulky goods outlets, a medical centre, the municipal offices and other community facilities.

Broadmeadows

1185 Pearcedale Parade, Broadmeadows, Victoria.

Brief description:	A large bulky goods hardware store with the benefit of an adjoining carpark.
Gross lettable area:	6,618 square metres
Land area:	16,640 square metres
Town planning:	District centre
Interest valued:	Freehold (with the benefit of a lease of the adjoining carpark), subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.2 million
Proposed purchase price:	$7.2 million
Proposed annual rental:	$650,000
Passing Initial Yield:	9.03 per cent per annum

The acquisition of this property is subject to the Vendor assigning the carparking deed in respect of the adjoining carpark to the Trust at settlement of the sale of the Broadmeadows Bunnings Warehouse with no cost to the Trust. Details of that lease are contained in Section 11.7.

The property is located within the established residential suburb of Broadmeadows, approximately 15 kilometres north of the Melbourne central business district. The developing urban fringe suburbs of Coolaroo and Roxburgh Park are to the north.

The property is positioned opposite the Broadmeadows town centre shopping centre. It benefits from having frontage to Pearcedale Parade, with rear frontage and exposure to Riggall Street, which acts to link the more densely populated areas of Broadmeadows, on the eastern side of Pascoe Vale Road and the railway line.
It further benefits from adjoining a large carpark which has further access from Pascoe Vale Road, with a controlled intersection at Coleraine Street.

This precinct forms the main civic/commercial area of Broadmeadows. It includes the municipal offices south of the shopping centre. The precinct acts as a transport node and includes the Broadmeadows railway station on the eastern side of Pascoe Vale Road, with numerous bus services.

Northland

Corner Murray Road and Chifley Drive, Northland, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,616 square metres
Land area:	34,110 square metres
Town planning:	IN4B - General industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$8.6 million
Proposed purchase price:	$8.6 million
Proposed annual rental:	$775,000
Passing Initial Yield:	9.01 per cent per annum

The property is located within the suburb of Preston, approximately ten kilometres north of the Melbourne central business district. Established relatively densely populated residential areas provide a primary catchment.

The property is positioned opposite the regional, Northland shopping centre, with the Northland Homemaker Centre further west on Murray Road. The corner position to Chifley Drive assists access and provides the site prominence. Murray Road links residential population east of the Darebin Creek and Chifley Drive is a main access route to Northland shopping centre, from Melbourne's main east-west distributor, Bell Street. Industrial uses adjoin the property to the south.

The Northland shopping centre acts as a major transport node for bus services, which provide links with railway lines positioned approximately three kilometres in both easterly and westerly directions.

Croydon

286 Maroondah Highway, Croydon, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,656 square metres
Land area:	25,190 square metres
Town planning:	Industrial general
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.8 million
Proposed purchase price:	$7.8 million
Proposed annual rental:	$700,000
Passing Initial Yield:	8.98 per cent per annum

The property is situated on the southern side of Maroondah Highway, less than two kilometres east of its intersection with Manchester Road, in Croydon, approximately 32 kilometres east of the Melbourne central business district.

Croydon and the adjoining suburbs of Chirnside Park and Mooroolbark is a residential area that has been progressively developed since the 1980's. Land subdivision and new housing is generally occurring to the north of the property.

Maroondah Highway is a major arterial road that carries a high volume of traffic and provides access from the eastern suburbs through to the central business district. The southern side of the highway is characterised by large industrial developments including Black and Decker and Arlec Electronics, either side of the property. Immediately opposite, is Yarra Valley golf park, a driving range and other community facilities. Chirnside Park shopping centre, a sub regional shopping centre is located less than a kilometre north of the property on Maroondah Highway. This is a primary retailing area for residents in the surrounding suburbs.

Mooroolbark railway station is situated two kilometres south of the subject property on Manchester Road, while a comprehensive bus service also operates in the area.

Sandown

754-768 Princes Highway, Sandown, Victoria.

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Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	6,617 square metres
Land area:	31,280 square metres
Town planning:	Light industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.8 million
Proposed purchase price:	$7.8 million
Proposed annual rental:	$700,000
Passing Initial Yield:	8.97 per cent per annum

The property is situated on the north-eastern corner of Princes Highway and Smith Road in Springvale, approximately 23 kilometres south-east of the Melbourne central business district.

Princes Highway is a main arterial road, providing access through the south-eastern suburbs to the central business district, as well as to Dandenong further to the south. Springvale Road, a major north-south road is approximately one kilometre north-west of the property.

The immediate locality is characterised by the Springvale Crematorium and the Sandown Racecourse, while a number of industrial/service businesses have taken advantage of the highway frontage. The well established industrial areas of Noble Park, Clayton and Mulgrave are all within close proximity of the property. The residential land use in the area is well established and relatively fully developed.

The locality is serviced by Springvale and Sandown Park railway stations, some two kilometres south of the property and a bus service operates in the area.

Scoresby

1467 Ferntree Gully Road, Scoresby, Victoria.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	7,046 square metres
Land area:	34,270 square metres
Town planning:	Knox Commercial Drive-in
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$8.3 million
Proposed purchase price:	$8.3 million
Proposed annual rental:	$750,000
Passing Initial Yield:	9.04 per cent per annum

The property is situated on the northern side of Ferntree Gully Road, approximately one kilometre west of its intersection with Stud Road, Scoresby, approximately 26 kilometres southeast of the Melbourne central business district.

Ferntree Gully Road is a main arterial road that connects with both the South Eastern Freeway and the Princes Highway to the east. Stud Road is a north-south route which provides access between Dandenong in the south through to Wantirna in the north. Immediately opposite the property are a number of large industrial uses, including Amcor Fibre packaging and Unifoods. Additionally, there are other significant industrial land uses, both to the east and west of the subject property fronting Ferntree Gully Road, forming a well regarded industrial area. Otherwise, the surrounding area is predominantly well established residential.

Public transport is provided by a comprehensive bus service operating on both Ferntree Gully Road and Stud Road.

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Epping

592-594 High Street, Epping, Victoria.

Brief description:	A large bulky goods hardware store with an adjoining carparking area.
Gross lettable area:	7,046 square metres
Land area:	31,060 square metres
Town planning:	IN3 - reserved light industrial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.8 million
Proposed purchase price:	$7.8 million
Proposed annual rental:	$700,000
Passing Initial Yield:	8.98 per cent per annum

The property is located within the developing, urban fringe suburb of Epping, approximately 20 kilometres north of the Melbourne central business district. The surrounding areas are characterised by new subdivisions and recently established suburbs, which in the main are orientated towards first home buyers.

The property is positioned opposite the relatively new, Epping Plaza shopping centre, which is situated on the south-western corner of High and Cooper Streets. The concentration of retail use at this intersection, establishes it as the main commercial centre with High Street being a north-south distributor, linking more established residential areas situated to the south. The split frontage to Cooper Street is considered advantageous, considering localised traffic flows.

The site adjoins the Epping railway station, which is the termination of this railway line. A number of bus services eminate from the station to link surrounding suburbs.

Tuggeranong

Anketell Street, Tuggeranong, ACT.

Note: This is an impression only.

Brief description:	A high clearance warehouse under construction. It will operate as a bulky goods retail outlet with associated carparking.
Gross lettable area:	7,313 square metres
Land area:	27,630 square metres
Town planning:	Commercial 2B – town centre
Interest valued:	99 year head leasehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$7.9 million
Proposed purchase price:	$7.9 million
Proposed annual rental:	$750,000
Passing Initial Yield:	9.49 per cent per annum

This development is expected to be practically complete by 1 October 1998 (the settlement date assumed for the purposes of the forecasts), failing which settlement will be deferred in accordance with the terms of the relevant Property Sale Contract.

The property is situated on the west side of Anketell Street, with additional frontages to Oakden and Sheerin Streets, in the southern sector of the Tuggeranong town centre, approximately 15.5 kilometres south of Canberra city centre.

The Tuggeranong district includes a number of suburbs generally forming the southern end of the Canberra metropolitan area.

The town centre otherwise includes a number of shopping facilities including the two level Tuggeranong hyperdome which includes a Grace Bros department store, Kmart discount department store, Coles and Woolworths supermarkets and a variety of specialty shops. There is also a number of secondary retail facilities surrounding the property including markets and the Homeworld complex, together with motor car servicing and other consumer service facilities. A major bus depot is situated just west of the property on the west side of Scollay Street.

The surrounding residential areas include a mixture of conventional home lots and medium density multi unit housing, interspersed with significant areas of public open space and nature parks. A feature of the area is Lake Tuggeranong, just north of the town centre.

Minchinbury

Cnr Great Western Highway and Williams Street, Minchinbury, New South Wales.

Note: This is an impression only.

Brief description:	A commercial site on which a new building is being developed as a retail outlet with associated carparking.
Gross lettable area:	7,399 square metres
Land area:	30,610 square metres
Town planning:	Industrial special 4(c)
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$9.2 million
Proposed purchase price:	$9.2 million
Proposed annual rental:	$850,000
Passing Initial Yield:	9.24 per cent per annum

This development is expected to be practically complete by 1 October 1998 (the settlement date assumed for the purposes of the forecasts), failing which settlement will be deferred in accordance with the terms of the relevant Property Sale Contract.

The property is situated on the southern side of the Great Western Highway, Minchinbury at its intersection with William Street. This part of Minchinbury is a developing bulky goods/light industrial area. Minchinbury is situated 35 kilometres west of the Sydney general post office.

The immediate locality is principally residential in nature, however the surrounding area has vacant land together with buildings used for light industry and bulky goods retailing. The Great Western Highway is a high volume traffic road which carries significant volumes of traffic past the subject and adjoining properties.

Major commercial centres for the area are at Blacktown, Mt Druitt and Penrith.

Public transport in the area is provided by way of private bus service. The closest rail station is at Mt Druitt which is situated two kilometres to the north of the property.

Burleigh Heads

177-207 Reedy Creek Road, Burleigh Heads, Queensland.

Brief description:	A high clearance warehouse trading as a bulky goods retail outlet with associated carparking.
Gross lettable area:	8,079 square metres
Land area:	32,920 square metres
Town planning:	General commercial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$9.7 million
Proposed purchase price:	$9.7 million
Proposed annual rental:	$915,300
Passing Initial Yield:	8.97 per cent per annum (assumes annual rental of $870,000 after land tax)

The property is located within the established residential and industrial suburb of Burleigh Heads, approximately 11 kilometres south of Surfers Paradise, on the Gold Coast. The developing industrial suburb of Andrews is situated to the west, while the modern residential suburb of Burleigh Waters lies to the north. Burleigh Heads and West Burleigh are situated to the east and south and comprise a predominantly developed residential locality with a strong holiday accommodation presence.

The property is positioned within close proximity to the Burleigh Town marketplace shopping centre. It benefits from having frontage to Reedy Creek Road which forms part of an arterial link joining the Pacific Highway with Burleigh Heads. The property enjoys good exposure to passing traffic, in particular to east bound traffic. Vehicular access is considered to be good.

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Mandurah

Corner Fremantle and Gordon Roads, Mandurah, Western Australia.

Note: This is an impression only.

Brief description:	Vacant land to be developed as a bulky goods hardware store.
Proposed gross lettable area:	4,416 square metres
Land area:	21,222 square metres
Town planning:	Service commercial
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$2.2 million (undeveloped) $5.4 million (developed)
Proposed purchase price of land:	$2.2 million
Proposed fixed price development:	$3.2 million
Estimated date of practical completion:	1 December 1998
Proposed annual access fee:	$207,135
Proposed annual rental:	$485,000
Passing Initial Yield:	8.98 per cent per annum

This property will be developed in accordance with the Development Deed. The proposed development, the purchase price, the access fee, the market value and the rent have been agreed by the Trustee and Bunnings and are described above. The total amount payable to Wesfarmers Group companies in relation to this property is $5.4 million.

The property is located within the Mandurah City Gate Business Park in Mandurah, approximately 75 kilometres south of the Perth central business district on the south western corner of Fremantle and Gordon Roads.

Mandurah City Gate business park is a recently created commercial/industrial land subdivision located at the doorstep on the Perth side of the Mandurah township. At the present time the surroundings remain as undeveloped but created development sites.

A small industrial precinct is situated immediately south east while the Meadow Springs golf course is located to the immediate north east. Other surrounds include residential estates and the Mandurah central business district about two kilometres south west.

Southport

Olsen Avenue, Southport, Queensland.

Note: This is an impression only.

Brief description:	A vacant commercial site on which it is proposed to develop a bulky goods retail outlet with associated carparking.
Proposed gross lettable area:	8,079 square metres
Land area:	35,250 square metres
Town planning:	General industry Currently being re-zoned to general commercial.
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	\$2.8 million (undeveloped) \$9.4 million (developed)
Proposed purchase price of land:	\$2.8 million
Proposed fixed price development:	\$6.6 million
Estimated date of practical completion:	1 December 1998
Proposed annual access fee:	\$261,200
Proposed annual rental:	\$898,000
Passing Initial Yield:	9.04 per cent per annum (assumes annual rental of \$850,000 after land tax)

This property will be developed in accordance with the Development Deed. The proposed development, the purchase price, the access fee, the market value and the rent have been agreed by the Trustee and Bunnings and are described above. The total amount payable to Wesfarmers Group companies in relation to this property is $9.4 million.

The property is located within the established residential and industrial suburb of Molendinar, adjacent to Southport and approximately seven kilometres north-west of Surfers Paradise, on the Gold Coast. The developed residential suburbs of Labrador, Southport and Ashmore are situated to the east and south, while the modern residential suburbs of Parkwood and Nerang are situated to the north and west respectively.

The property has frontage to Olsen Avenue and enjoys good exposure to vehicular traffic. Olsen Avenue forms part of an arterial link extending from Oxenford in the north to Benowa in the south. Direct access to the property is only possible for northbound traffic.

Underwood

51 Kingston Road, Underwood, Queensland.

Note: This is an impression only.

Brief description:	A vacant commercial site on which it is proposed to develop a bulky goods retail outlet with associated carparking.
Proposed gross lettable area:	7,672 square metres
Land area:	29,320 square metres
Town planning:	Particular purpose - golf driving range Currently being re-zoned to commercial.
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	\$3.0 million (undeveloped) \$8.85 million (developed)
Proposed purchase price of land:	\$3.0 million
Proposed fixed price development:	\$5.85 million
Estimated date of practical completion:	1 December 1998
Proposed annual access fee:	\$279,875
Proposed annual rental:	\$852,000
Passing Initial Yield:	9.04 per cent per annum (assumes annual rental of \$800,000 after land tax)

This property will be developed in accordance with the Development Deed. The proposed development, the purchase price, the access fee, the market value and the rent have been agreed by the Trustee and Bunnings and are described above. The total amount payable to Wesfarmers Group companies in relation to this property is $8.85 million.

The property is located within the predominantly residential suburb of Underwood, approximately 18 kilometres south east of the Brisbane general post office, on the boundary of Brisbane and Logan cities. The immediately surrounding suburbs of Woodridge, Slacks Creek, Springwood and Rochedale South in Logan City are nearly completely developed, with substantial retail/commercial development along the major arterial roads. On the Brisbane side of Underwood development is less intense with large sections of Kuraby, Eight Mile Plains and Rochedale still undeveloped acreage, however numerous residential subdivisions are being constructed at present.

The property lies adjacent to the south of the Kuraby hotel, Woolworths/Big W shopping centre, and the Kuraby Australia Post mail exchange depot. The land to the south of the property is presently being subdivided into residential allotments and is being marketed as Jacaranda Ridge HomeWorld. The development opened in mid 1997 and at present includes 45 display homes as well as onsite home lending services. Upon completion it is proposed to comprise approximately 400 allotments with the current average sale price at around $60,000.

Cannon Hill

1881 Creek Road, Cannon Hill, Queensland.

Note: This is an impression only.

Brief description:	A vacant commercial site on which it is proposed to develop a high clearance warehouse to operate as a bulky goods retail outlet with associated carparking.
Proposed gross lettable area:	7,373 square metres
Land area:	28,359 square metres
Town planning:	Particular development - drive-in and shopping centre
Interest valued:	Freehold, subject to proposed lease
Date of valuation:	31 May 1998
Valuation:	$2.5 million (undeveloped) $8.85 million (developed)
Proposed purchase price of land:	$2.5 million
Proposed fixed price development:	$6.35 million
Estimated date of practical completion:	1 December 1998
Proposed annual access fee:	$233,188
Proposed annual rental:	$846,000
Passing Initial Yield:	9.04 per cent per annum (assumes annual rental of $800,000 after land tax)

This property will be developed in accordance with the Development Deed. The proposed development, the purchase price, the access fee, the market value and the rent have been agreed by the Trustee and Bunnings and are described above. The total amount payable to Wesfarmers Group companies in relation to this property is $8.85 million.

The property is located within the established residential suburb of Cannon Hill approximately seven kilometres east of the Brisbane general post office. The immediately surrounding suburbs of Carina, Morningside, Murarrie and Tingalpa are generally fully developed with post-war residential housing, though new subdivisions are being developed further south and east in Carindale, Capalaba, Manly West and Birkdale.

The property lies adjacent to the south of Cannon Hill Kmart plaza, a sub regional centre, and Cannon Hill shopping plaza, a neighbourhood centre. An easement over part of the subject land provides rear access to these two centres from Creek Road. The land to the south of the subject is developed with a self storage facility whilst on the western side of Creek Road it is predominantly residential development.

6.2 Future developments

Bunnings' strategy is to strengthen its market position in its existing market through the construction of further Bunnings Warehouses. As Bunnings strengthens its position in its existing markets it will also expand geographically. This is occurring through the introduction of further Bunnings Warehouses throughout Australia and may ultimately extend to countries other than Australia.

The Trust has entered into an arrangement for acquisition and development of New Sites with Bunnings.

Under that arrangement, Bunnings can present a proposal to the Trust for the acquisition and development of a New Site or merely the acquisition of a New Site (for instance, if there is insufficient time to prepare a development proposal). In the latter case, Bunnings must submit a development proposal to the Trust after acquisition of the New Site.

In the event that a proposal for a New Site is agreed and any necessary development approvals are not obtained or Bunnings no longer wishes to proceed with the proposal (which can only occur prior to the commencement date of the lease) the Trust will, if requested by Bunnings, sell the property to Bunnings or alternatively sell the New Site on the open market. On sale of the New Site, any costs and expenses incurred by the Trust in acquiring the New Site will be refunded to the Trust and in addition the Trust will be paid any monies necessary to put the Trust in the same position as it would have been had it not participated in the proposed development of the New Site. Otherwise the balance of all proceeds will be paid to Bunnings.

This position also applies in circumstances where the Trust acquires a New Site prior to a development proposal or other details being agreed with Bunnings and those matters are not agreed within 120 business days of the date of settlement of the acquisition of the New Site by the Trust.

Until practical completion of development of a New Site, Bunnings will fund the acquisition costs of that New Site by either paying to the Trust an access fee (which is intended to reflect the average rental yield of the Bunnings Warehouses) or providing an interest free loan to the Trust for the acquisition costs.

Until a proposal by Bunnings is accepted by the Trust there is no obligation on either party to conduct future developments. There is no obligation on Bunnings to present proposals to the Trust.

Further details of the Development Deed are contained in Section 11.3.

In addition to evaluating acquisitions of New Sites, the Trust will assess from time to time additional property investment opportunities.

New acquisitions will be financed by a combination of debt and equity. The current financing arrangements are described in Section 11.6. At this point in time, it is the Manager's preference to raise further equity through rights issues offered to Unitholders. The Trust Deed allows the Trust to adopt a distribution re-investment plan and, if the Manager considers it appropriate, a plan will be implemented. There may be circumstances where equity may be offered to new investors, for instance, where timing constraints exist in relation to new acquisitions.

Management of the Trust

7.1 Trust Manager

Bunnings Property Management Limited - a wholly owned subsidiary of Wesfarmers - is responsible for the management of the Trust including the investments of the Trust and various other matters. Details of the Manager's powers and obligations are set out in the Trust Deed, a summary of which is contained in Section 12.1.

The Manager - specifically formed to manage the Trust - has a board of directors with a wide range of experience and qualifications as set out below.

The Manager is entitled to a management fee of 0.55 per cent per annum of the value of the gross assets of the Trust. The Manager has agreed to reduce this fee to 0.1 per cent per annum until 30 June 2000.

7.2 Directors and management

W H Cairns (Non-executive Chairman), *Dip Agr, FAPI (Val&Econ),* Age: 68

Bill Cairns retired from the AMP Society in 1990 where he was employed for 39 years. At the time of his retirement, Mr Cairns held the position of General Manager AMP Investments where he was responsible for managing the Society's group global investments. He is also a member of the board of General Property Trust and a director of Delfin Property Group Limited, KLZ Limited, GRW Property Limited, Foodland Associates Limited, West Australian Newspaper Holdings Limited as well as a number of private companies.

R W McCuaig (Non-executive Director), *FRICS,* Age: 60

Robert McCuaig is currently Chairman of Colliers Jardine Australia, a position he has held since 1988. He has been with the firm for 31 years having established its Sydney office as McCuaig & Collier in 1967. He is a director of Colliers International Property Consultants Inc. and he has been Deputy Chairman of Sydney Convention and Visitors;' Bureau since 1993, a trustee of the Committee for Economic Development of Australia since 1975 and a member of the Salvation Army Advisory Board since 1996.

P J Mansell (Non-executive Director), *B.Com, LLB, H.Dip Tax,* Age: 51

Peter Mansell has practised as a business lawyer for nearly 30 years and is currently the National Chairman of Freehill Hollingdale & Page and the Managing Partner of its Perth office. Mr Mansell has advised extensively on a number of wide-ranging corporate transactions, including mergers and acquisitions, financial structuring, equity raisings and commercial agreements. He holds a number of corporate and charity directorships and trusteeships and is a member of the Council of the Australian Institute of Company Directors, Western Australian Chapter.

P J Johnston (Director), *FCIS, FCPA,* Age: 55

Peter Johnston has been Company Secretary of Wesfarmers Limited and its main operating subsidiaries since December 1994. Mr Johnston was formerly employed by Bunnings Limited (1971 - 1994) in various capacities including Chief Accountant and Company Secretary until the company was acquired by Wesfarmers in 1994.

D A Robb (Director), *B.Sc, Dip PA, FAIM, FAICD,* Age: 44

David Robb is General Manager of Wesfarmers' Business Development department. Mr Robb was formerly employed by British Petroleum, holding senior positions in Australia and overseas, including chief executive responsibilities for a national service business in the US; for oil, chemicals and consumer goods businesses in Malaysia; and as director responsible for oil marketing activities throughout South and East Asia. He is also a member of the board of the Australian Institute of Management Western Australia Inc.

P S Sadleir (Manager), *BE, MBA,* Age: 40

Paul Sadleir has been responsible for the review of the Bunnings Warehouse property portfolio and consequent implementation of the Trust. He has a wide range of commercial experience in particular in the areas of corporate planning, evaluation and development of new projects and managing acquisitions and divestments. Mr Sadleir will have the day-to-day responsibility for the management of the Trust.

Wesfarmers will provide the Manager with corporate secretarial, accounting and tax, finance and other services.

The senior management of Wesfarmers will also provide ongoing support and advice in all areas of the operations of the Trust.

7.3 Related party issues

Wesfarmers, Wesfarmers Investments Pty Ltd, Wesfarmers Risk Management Limited, the Vendor, Bunnings and the Manager are all part of the Wesfarmers Group.

The Vendor has granted an option to purchase the Existing Properties to the Trust. The Trust will develop New Sites in conjunction with Bunnings. The relevant agreements are summarised in Section 11.

Bunnings will lease Bunnings Warehouses from the Trust. Bunnings and Wesfarmers are currently subject to the Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity included in the Deed of Cross Guarantee being wound up.

Wesfarmers will also be a substantial Unitholder in the Trust. Wesfarmers Investments Pty Ltd will subscribe for 33 million Units at $1.00 each, representing 25 per cent of the Units following close of the Offer.

Wesfarmers intends to maintain its position as a substantial Unitholder in the Trust through its wholly-owned subsidiary.

Wesfarmers is the holding company of Wesfarmers Risk Management Limited, one of the insurers of the Trust and Bunnings.

7.4 Corporate governance

The Manager is responsible for the strategic direction and management of the Trust's investment portfolio, as well as the day-to-day administration of the Trust.

The board of directors of the Manager is ultimately responsible for the corporate governance practices of the Manager. The board comprises three non-executive directors (including the chairman) and two directors employed by Wesfarmers.

7.5 The Trustee

Perpetual Trustee Company Limited, a wholly owned subsidiary of Perpetual Trustees Australia Limited ACN 000 431 827, is the trustee of the Trust.

The Trustee receives a once only establishment fee of $10,000 and a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust, up to $200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds $200 million. The fee is payable quarterly in arrears and is subject to a minimum of $40,000 per annum (increased according to the CPI).

The Trustee holds the assets of the Trust on behalf of Unitholders. The powers and obligations of the Trustee are set out in the Trust Deed, a summary of which is contained in Section 12.1.

The Trustee has had no involvement in the preparation of any part of this prospectus (other than the particular references to the Trustee). The Trustee expressly disclaims and takes no responsibility for any other part of this prospectus. The Trustee makes no statement in this prospectus and has not authorised or caused the issue of it.

The Trustee does not guarantee the success of the Trust or the repayment of capital or any particular rate of capital or income return.

7.6 Managed Investments Act

The Managed Investments Act 1998 amends the Corporations Law in such a way as to remove the separate roles of management company and trustee. The separate roles of the Manager and the Trustee must be merged into the role of a single responsible entity by 30 June 2000.

The Trustee has indicated to the Manager that the Trustee will retire during the transitional period ending 30 June 2000, resulting in the Manager becoming the single responsible entity, subject to certain conditions.

Financial information

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8.1 Background of the Trust

The Trust is a unit trust established pursuant to the Trust Deed which is summarised in Section 12.1.
The Trust has not traded at the date of this prospectus, except for the issue of one Unit of $1 to a wholly-owned subsidiary of Wesfarmers. It has also assumed obligations associated with its establishment and the preparation of various agreements for the acquisition of the Existing Properties and associated matters. The Manager has not prepared a historical balance sheet, profit and loss and cash flow statement as the activities of the Trust to date are not considered material.

8.2 Sources and applications of funds

The Trust will finance the acquisition of the Existing Properties (which include the Development Sites) by raising $132 million of equity as follows:

- $99 million pursuant to the Offer
- $33 million under the subscription of Units by Wesfarmers

Following the formation of the Trust and acquisition of the Existing Properties, the pro-forma sources and applications of funds are as follows:

Sources of funds	$m	Applications of funds	$m
Equity raised under the Offer	99.0	Existing Properties acquired	155.4
Wesfarmers subscription	33.0	Issue costs	3.5
Borrowings	27.0	Working capital	0.1
	159.0		159.0

8.3 Pro-forma balance sheets

The financial position of the Trust is reflected in the pro-forma balance sheets illustrated in the following table.
Pro-forma balance sheets have been compiled on the basis that:

- the Offer, the subscription for 33 million Units by a wholly-owned subsidiary of Wesfarmers and acquisition of the Existing Properties have been completed and that all issue and acquisition costs have been paid; and
- the Offer, the subscription for 33 million Units by a wholly-owned subsidiary of Wesfarmers and acquisition of the Existing Properties have been completed, the Development Sites have been completed and are trading Bunnings Warehouses and that all issue and acquisition costs have been paid.

Pro-forma balance sheets of the Trust as at completion of allotment and		acquisition of Existing Properties $m	acquisition of Existing Properties and completion of Development Sites $m
ASSETS	Cash	0.1	0.1
	Investment properties	155.4	177.4
Total assets		155.5	177.5
LIABILITIES	Borrowings	27.0	49.0
Total liabilities		27.0	49.0
NET ASSETS		128.5	128.5
UNITHOLDERS' EQUITY		128.5	128.5
Total liabilities as a percentage of total assets		17.4%	27.6%
Net asset backing per unit		$0.97	$0.97
Number of units on issue		132.0m	132.0m

These pro-forma balance sheets should be read in conjunction with the key assumptions and accounting policies set out in Sections 8.5 and 8.6.

8.4 Forecast financial performance

The following table shows the forecast operating statement and distributions to Unitholders of the Trust until 30 June 2000.

These forecasts have been prepared by the Manager based on the key assumptions and accounting policies set out in Sections 8.5 and 8.6 respectively and have been reviewed by Ernst & Young. Ernst & Young's report is contained in Section 10.2. References to "period ending 30 June 1999" in the financial information relate to the nine month period commencing 1 October 1998 (assumed to be the settlement date) to 30 June 1999.

Forecast financial performance of the Trust

	Notes	period ending 30 June 1999 $000's	year ending 30 June 2000 $000's
Total property income		11,347	15,863
Interest income		2	2
Total income		**11,349**	**15,865**
Trustee's fees		64	89
Manager's fees		127	178
Interest and borrowing costs		1,830	2,756
Other operating expenses		400	568
Total expenses		**2,421**	**3,591**
Net operating income		**8,928**	**12,274**
Amount forecast for distribution		8,928	12,274
Units on issue at year end (million)	1	132.0	132.0
Forecast distribution of income (cents per unit)	2	6.8	9.3
Annualised distribution yield (based on issue price)		9.0%	9.3%
Management expense ratio (annualised)	3	0.4%	0.5%
Tax free component of distribution	4	12.4%	12.8%
Tax deferred component of distribution	4	19.6%	16.3%

Notes:

1. Assumes that no additional Units are issued and that no distribution reinvestment plan is activated.
2. Distributions will be paid half yearly.
3. The management expense ratio is calculated by dividing the Manager's fee, the Trustee's fee and other operating expenses (excluding interest and borrowing costs) by the average of the Trust's total tangible assets at the end of each month during the relevant period.
4. The tax free and tax deferred components of the distributions may vary from year to year. Refer to details in the taxation expert's report set out in Section 10.3.

8.5 Assumptions adopted in forecasts

Following are the major assumptions made by the Manager in preparing the forecasts set out in this Section 8. In the Manager's opinion, these assumptions are appropriate and reasonable at the date of issue of this prospectus.

Underlying assumptions are subject to uncertainties and contingencies often outside the control of the Manager. If events do not occur as expected, actual results including distributions achieved may vary significantly from the Manager's forecasts. Accordingly, investors are advised to consider these assumptions and form their own view of the future performance of the Trust. In this regard, investors should pay particular attention to the risk factors set out in Section 9 and the sensitivity analysis in Section 8.7. The principal accounting policies of the Trust are set out in Section 8.6. The following key assumptions and accounting policies have been reviewed by Ernst & Young in preparing their Independent Accountant's Report. Ernst & Young's Independent Accountant's Report is contained in Section 10.2.

Property income

Property income includes the aggregate of all rental income and access fees from the properties. A summary of key assumptions follows:

- Rental income has been projected in accordance with the terms of the proposed leases, which include an annual rent review in accordance with the increase in CPI over the first 12 months of the proposed leases.
- Rental income projections only include the Existing Properties and do not include any forecast income from New Sites that the Trust may acquire.
- Rental income includes the proposed access fees for the Development Sites.

Property outgoings

All property outgoings (including rates and taxes, insurance, repairs and maintenance and land tax) are paid by Bunnings except for land tax in relation to properties in Queensland where legislation prohibits recovery of land tax from tenants.

Acquisitions or disposals

Other than the purchase of the Existing Properties (and the completion of the development of the four development properties which form part of the Existing Properties), no acquisitions or disposals of real property have been assumed in the forecast period.

Acquisition costs

The forecast has capitalised the stamp duty due on the purchase of a property. For the purposes of the forecasts, it has been assumed that property values will increase over the period to the next valuation to offset the stamp duty.

Property values

Details of the property values are contained in Section 6 of this prospectus. As noted above, it has been assumed that property values will increase over the period to the next valuation to offset the stamp duty.

Working capital

It is assumed in the forecast period that the working capital needs of the Trust will be met from the property income.

Interest income

Interest income has been calculated on a monthly basis using an annual interest rate of four per cent.

Trustee's fee

The Trustee receives a once-only establishment fee of $10,000 and a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust, up to $200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds $200 million. The fee is payable quarterly in arrears and is subject to a minimum of $40,000 per annum (increased according to the CPI).

Manager's fee

The Manager's fee is calculated at the rate of 0.1 per cent per annum of the gross asset value of the Trust, payable quarterly in arrears. Details of the Manager's fee after the forecast periods are set out in Sections 7.1 and 12.1.

Interest and borrowing costs

The Manager has received a letter of offer from National Australia Bank Limited in respect of a $100 million facility. Details of the funding arrangements are set out in Section 11.6. As noted in Section 2.2, the majority of the forecast debt requirement has been fully hedged until 30 June 2000.

Other operating expenses

General trust overheads including annual listing fees, valuation fees, registry charges, audit and accounting fees, postage, printing and other miscellaneous fees are forecast at approximately $400,000 in the first nine months and $568,000 in the year ending 30 June 2000.

Inflation rates

For the purpose of this forecast, CPI has been assumed to be 2.5 per cent per annum.

Tax free and tax deferred component of distributions

The forecast outlines the estimated tax free and tax deferred components of the distributions for the period ending 30 June 1999 and the year ending 30 June 2000 assuming that the only new developments are the completion of the Development Sites.

Distribution reinvestment plan

The forecast assumes that no distribution reinvestment plan is active.

Development Sites

The forecast assumes that the four Development Sites will be trading by 1 December 1998.

Other assumptions

In preparing the forecasts, other assumptions adopted include:

- there will be no material changes to taxation or other legislation in Australia that will have a material effect on the forecast results of the Trust;
- no additional capital will be raised by the Trust during the forecast period;
- all leases will be enforceable and be performed in accordance with their terms; and
- there will be no change in Australian Accounting Standards that will have a material effect on the forecast results of the Trust.

8.6 Principal accounting policies of the Trust

The policies described below are the policies that will apply to the future financial statements of the Trust. Wherever applicable, these policies have also been applied in formulating the financial forecasts contained in this prospectus.

Basis of accounting

The Trust will be a disclosing entity under the Corporations Law. The financial statements will be prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial statements will be prepared on the basis of historical costs and will not take into account changing money values, except for property assets which will be revalued to reflect independent valuations.

Property investments

Property investments comprise land and buildings and integral plant and equipment. On acquisition, property investments are recorded at cost, including stamp duty and other acquisition costs. Also capitalised as property investments are additions, improvements, redevelopments and related fees and expenses incurred.

Depreciation

The buildings and any component of them (including plant and equipment) included in property investments will not be depreciated for accounting purposes in accordance with the accounting standard on depreciation (AASB 1021) which excludes investment properties from its application. Depreciation will be determined for income tax purposes.

Revaluations

In accordance with the Trust Deed and the Corporations Law (Regulations), the Trustee must instruct an independent valuer to revalue the Trust's property investments if it reasonably believes that there has been a significant change in the value of the property investments. In any event, the Trustee must instruct an independent valuer to revalue each of the Trust's property investments at least every three years.

Income tax

In accordance with current Australian income tax legislation, the Trust is not liable for income tax provided its taxable income (including any taxable capital gains) is fully distributed to Unitholders each year.

Revenue recognition

Revenue from rental income, access fees, interest and other income is recognised on an accruals basis.

Operating expenditure

Expenditure, including any property expenses are charged on an accruals basis.

Equity raising costs

All costs related to raising equity will be offset against the proceeds raised.

Derivative financial instruments

Interest rate swaps and option contracts may be entered into to manage financial risks. These transactions will be accounted for on an accruals basis over the life of the facility that they are hedging.

8.7 Sensitivity analysis

The Manager has examined the sensitivity of the distribution yield and distribution of income to changes in the major assumptions applied in the preparation of the forecast detailed in this Section.

The major assumptions relate to inflation and the date of acquisition of Existing Properties.

Set out below is a sensitivity analysis of:

- the Trust's distribution yield for the period ending 30 June 1999 and the year ending 30 June 2000 if the assumed inflation rate increases or decreases by one per cent in absolute terms; and
- the Trust's forecast distribution of income and distribution yield for the period ending 30 June 1999 if the assumed date of acquisition of Existing Properties is earlier than or later than the forecast date by two weeks.

Sensitivity analysis - inflation

		Annualised yield (based on issue price) period ending 30 June 1999	Yield (based on issue price) year ending 30 June 2000
Inflation	-1%	9.0%	9.2%
	+1%	9.0%	9.4%

Sensitivity analysis - date of acquisition of Existing Properties

	forecast distribution of income for the period ending 30 June 1999	Annualised yield (based on issue price) period ending 30 June 1999
Actual date of acquisition of Existing Properties relative to the assumed date is		
• two weeks earlier	7.12 cents/unit	9.0%
• two weeks after	6.40 cents/unit	9.0%

Investment risks

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Prospective investors should consider risk factors associated with an investment in the Trust. These risk factors could affect the performance of the Trust, achievement of financial forecasts and forecast distributions to Unitholders and the market price of Units. These risk factors include:

9.1 General investment risks

Risk factors which may affect property trusts in general include:

- changes in economic conditions
- movements in Australian and overseas share markets and financial markets generally
- changes in interest rates
- changes in property trust investment conditions including taxation treatment of publicly listed unit trusts
- impact of competing property developments
- increases in the supply of listed property trust investments
- fluctuations in the value of property assets due to general market conditions
- Government policy changes or statutory changes
- movements in rental and occupancy levels
- default in tenant's obligations
- unforeseen capital expenditure requirements
- Trust expenses greater than expected.

9.2 Specific investment risks

Risk factors that are specific to the Trust include:

- increased competition for Bunnings
- reliance on one tenant; namely Bunnings
- for the 16 Existing Properties expected to be trading at 1 October 1998, lease terms will expire, and market rent reviews will occur, concurrently.

Independent experts' reports

10

10.1 Independent valuation report - JLW Advisory

9 July 1998

JLW Advisory
CORPORATE PROPERTY SERVICES
Level 4 St Georges Square
225 St Georges Terrace
Perth 6000 Australia

The Directors
Perpetual Trustee Company Limited
1 Castlereagh Street
SYDNEY NSW 2000

Dear Sirs,

Re: Property valuations - Bunnings Warehouse Property Trust

1.0 Instructions

We have prepared valuation reports on each of the identified properties in accordance with your instructions dated 9 June, 1998.

The valuations were prepared in accordance with Regulation 7.12.15.(5) of the Corporations Law and are effective as at 31 May, 1998.

2.0 Common leases

Each property is to be leased by Bunnings Building Supplies Pty Ltd, for five years with four further options of five years each. The lessor may exercise the first two options, effectively giving 15 years lease security.

A market rental has been assessed for each property as listed in the following schedule. The rentals are to be adjusted by Consumer Price Index each year, with a market rental review underpinned to not less than the commencing rental upon renewal of each lease option.

The lessee is responsible for all usual property outgoings, including land tax as assessed on each property. We note that Land Tax is not recoverable by law in the State of Queensland.

3.0 Valuation methodology

In arriving at our opinions of market value we have adopted the capitalisation of net income and the discounted cash flow approaches. These results were then cross checked using the direct comparison approach on a rate per square metre of building area basis. The application of each of these approaches is explained below.

3.1 Capitalisation approach

This approach involves capitalisation of the net lease income. The income is treated as a regular payment in perpetuity and is discounted at a rate reflecting the risks and potential returns from the property. The discount rate is referred to as the "capitalisation rate" or "equivalent yield". It is effectively the "all risk" yield applicable to the property.

3.2 Discounted cash flow (DCF)

The DCF technique focuses on the overall cost consequences of an investment, considering the amount and timing of cash inflows and outflows and envisaged rates of return. The underlying principle is to determine the present value of future cashflows generated by an investment over its economic life.

We have utilised a ten-year investment horizon as commonly accepted by the marketplace. We have typically allowed in our cash flow, for capital upgrades at the expiry of lease terms. We have included acquisition and disposal costs in each DCF exercise.

The rental growth forecasts utilised by the valuers have regard to the lease provisions of inflationary growth with a market review at lease option renewal. In most cases, we have assumed no resultant rental change at year six and 11 and in some cases, a market rent increase of three per cent or four per cent.

The terminal yield adopted in most cases is 0.75 per cent above the current date yield, having regard to the perceived future market conditions, the remaining lease terms and the physical condition of the property having regard to the capital upgrading allowances incorporated in the model.

We continually hold discussions with institutional investors to determine their attitude towards discount rates for various classes of investment property. This general consensus, together with sales evidence and market predictions of interest rate movements, forms the basis for the choice of discount rate adopted.

The properties are all similarly well located modern buildings. We have chosen a discount rate of 11.0 per cent for most properties and slightly higher, in some individual cases.

4.0 Summary of values

The individual property values assessed by JLW Advisory as at 31 May, 1998 are summarised in the following schedule.

Property address		Value $000's	Lease rental 000's	Current equivalent yield %	$Rate/m² GLA
Western Australia					
Cnr Balcatta & Erindale Rds, Balcatta		11,200	1,000	9.0	$1,196
Ocean Reef Rd, Edgewater		8,100	725	9.0	$1,205
Fremantle Rd, Mandurah	On Completion	5,400		9.0	
	Land Only	2,200	485	$1,223	
Victoria					
480 Ballarat Rd, Sunshine		7,000	650	9.25	$1,092
3 Nepean Highway, Mentone		9,400	850	9.0	$1,153
290-298 Millers Rd, Altona		6,800	650	9.5	$993
250 Whitehorse Rd, Nunawading		12,200	1,100	9.0	$1,256
64-86 Narre Warren North Rd, Fountain Gate		8,300	750	9.0	$1,254
1185 Pearcedale Parade, Broadmeadows		7,200	650	9.0	$1,088
Cnr Murray Road & Chifley Dve, Northland		8,600	775	9.0	$1,300
268-288 Maroondah Hwy, Croydon		7,800	700	9.0	$1,192
754-768 Princes Highway, Sandown		7,800	700	9.0	$1,179
1467 Ferntree Gully Rd, Scoresby		8,300	750	9.0	$1,178
592-594 High St, Epping		7,800	700	9.0	$1,107
A.C.T.					
Cnr Anketell & Oakden Rds, Tuggeranong		7,900	750	9.5	$1,080
New South Wales					
Lot 1, Great Western Hwy, Minchinbury		9,200	850	9.25	$1,244
Queensland					
177-207 Reedy Creek Rd, Burleigh Heads		9,700	915	9.0	$1,200
Olsen Ave, Southport	On Completion	9,400	898	9.0	$1,164
	Land Only	2,800			
51 Kingston Rd, Underwood	On Completion	8,850	852	9.0	$1,154
	Land Only	3,000			
1181 Creek Rd, Cannon Hill	On Completion	8,850	846	9.0	$1,200
	Land Only	2,500			

* The current equivalent yields for Queensland properties are based on assumed net rentals after payment of land tax which is not recoverable from the lessee

* The valuations have been based on the current equivalent yield and rounded as appropriate.

JLW Advisory
CORPORATE PROPERTY SERVICES

5.0 Liability disclaimer

JLW Advisory has prepared the summary which appears in this prospectus and specifically disclaims liability in the event of any omission from or false or misleading statement included in the prospectus, other than in respect of the valuation, this summary and the other information provided by JLW Advisory elsewhere in this prospectus.

JLW Advisory has not been involved in the preparation of the prospectus or any part thereof other than by way of this letter and valuation summary and the other references to information provided by JLW Advisory made elsewhere in the prospectus.

Neither JLW Advisory nor any of its directors make any warranty or representation as to the accuracy of the information in any part of the prospectus other than as expressly made or given by JLW Advisory.

6.0 Valuers' interest

The appointed valuers have no pecuniary interest that would conflict with the proper valuations of the property and the valuations have been made independently of the company and/or its officers.

7.0 Definitions

Equivalent yield:	Also known as the capitalisation rate, this is the yield applied to the core property income to discount this income as a regular payment in perpetuity.
Terminal yield:	The equivalent yield applied to the property's net income at the end of year 10/start of year 11 (i.e. the end of the DCF period).
Market rent:	The rental achievable from the property if offered for lease in the current market.

Yours faithfully
JLW Advisory

Bernard Sweeney

Graham N Kennedy, FAPI
Certified Practising Valuer
Director

Bernard F Sweeney, AAPI
Certified Practising Valuer
Director

10.2 Independent accountant's report - Ernst & Young

ERNST & YOUNG

Central Park
152 St Georges Terrace
Perth WA 6000
Australia

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GPO Box M939
Perth WA 6843

Phone: 61 8 9429 2222
Fax: 61 8 9429 2433

9 July 1998

The Directors
Bunnings Property Management Limited
11th Floor, Wesfarmers House
40 The Esplanade
PERTH WA 6000

Dear Sirs

Independent accountant's report

1. Introduction

This report has been prepared at the request of Bunnings Property Management Limited (the "Manager") for inclusion in the prospectus to be dated on or about 17 July 1998 (the "Prospectus") relating to the offer by the Bunnings Warehouse Property Trust (the "Trust") of 99 million units of $1.00 each to raise $99 million (the "Offer").

2. Background

The Trust was established pursuant to a deed dated 18 June 1998 for the purpose of acquiring an initial portfolio of 20 commercial properties (the "Existing Properties") to be tenanted by Bunnings Building Supplies Pty Ltd ("Bunnings") to operate its Bunnings Warehouse retail operations. Of the 20 Existing Properties, 16 are expected to be leased to Bunnings by 1 October 1998 and the four remaining development properties are expected to be completed and leased to Bunnings by 1 December 1998.

The Existing Properties are to be acquired from Bunnings Properties Pty Ltd (the "Vendor") at a cost of $155.4 million, including stamp duty.

The one unit the Trust has on issue at the date of this report was issued to a wholly owned subsidiary of Wesfarmers Limited ("Wesfarmers"). Bunnings, the Vendor and the Manager are wholly owned subsidiaries of Wesfarmers. In addition to the units to be issued pursuant to the Offer, Wesfarmers has agreed to subscribe for 33 million units in the Trust at $1.00 each through a wholly owned subsidiary. The additional funds required to acquire the Existing Properties will be sourced from bank borrowings.

Details of the Offer, the Existing Properties and the leases to be entered into with Bunnings are contained in the Prospectus.

3. Scope of our report

At the date of this report the Trust has not traded. As a result, there are no material revenues or expenses to be disclosed for the Trust, and accordingly, no historical balance sheet, profit and loss and cash flow statement have been prepared.

The pro-forma balance sheets

Presented in Section 8.3 of the Prospectus are two pro-forma balance sheets of the Trust. The first pro-forma balance sheet has been prepared as at the date of the allotment of the units to be issued under the Offer and on the basis of the following assumptions:

- that the Offer of 99 million units of $1.00 each to raise $99 million has been completed;
- that the issue of 33 million units of $1.00 each to Wesfarmers to raise $33 million has been completed;
- that the drawndown of borrowings of $27.0 million and the acquisition of the Existing Properties for a cost of $155.4 million has been completed; and
- that the costs associated with the Offer and the preparation of the Prospectus, totalling $3.5 million have been offset against the capital raised.

ERNST & YOUNG

The second pro-forma balance sheet has been prepared based on the first pro-forma and on the assumption that construction of Bunnings Warehouse facilities on the four development properties acquired as part of the Existing Properties had been completed as at the same date of the first pro-forma.

The pro-forma balance sheets have been prepared in accordance with the principal accounting policies detailed in Section 8.6 of the Prospectus.

We have reviewed the pro-forma balance sheets in order to state whether anything has come to our attention that would indicate that the financial information contained in them is not presented fairly on the basis of the assumptions and in accordance with the measurement requirements of applicable Accounting Standards and other mandatory professional reporting requirements. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. This review included enquiries and discussion with the Manager, a review of documents supporting the assumptions, performance of certain limited verification procedures and a comparison for consistency in application of applicable Accounting Standards and policies.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. Accordingly, we do not express an audit opinion on the pro-forma balance sheets.

The forecast operating statements

We have reviewed the Manager's forecast operating statements for the Trust for the nine month period ending 30 June 1999 and for the year ending 30 June 2000 as set out in Section 8.4 of the Prospectus. The forecasts have been prepared on the basis of the assumptions contained in Section 8.5 of the Prospectus and in accordance with the principal accounting policies detailed in Section 8.6.

Our review of the forecast operating statements has been conducted in accordance with Australian Auditing Standards applicable to review engagements. This review was limited to enquiries as to the process used in preparing the forecasts, consideration and discussion with the Manager in regards to the factors considered in determining the assumptions upon which the forecasts are based, consideration of the data supporting those assumptions, testing the expression of the assumptions into the forecast operating statements and testing that the forecasts have been correctly compiled and presented in accordance with bases and methods prescribed by applicable Accounting Standards and other mandatory professional reporting requirements.

The forecast operating statements reflect the Manager's judgement based on present circumstances as to both the most likely set of operating and economic conditions and the course of action the Trust is most likely to take. The forecasts are based on a large number of assumptions and are subject to significant uncertainties and contingencies, many of which are outside the control of the Manager and the Trust. As it is often the case some events and circumstances do not occur as expected, or are not anticipated when they do occur. Accordingly, actual results achieved by the Trust during the period of the forecast operating statements may vary materially from the results forecast. We do not express an opinion as to whether the actual results of the Trust for the nine month period ending 30 June 1999 and for the year ending 30 June 2000 will approximate those forecast because assumptions regarding future events, by their nature, are not capable of independent substantiation.

We do not imply and it should not be construed that we have performed an audit of the forecast operating statements, nor do we express an audit opinion thereon.

As the forecast operating statements are sensitive to certain key assumptions, investors should also give due regard to the sensitivity analysis included in Section 8.7 of the Prospectus.

ERNST & YOUNG

4. Statements

The pro-forma balance sheets

Based on our review, nothing has come to our attention that would require any modification to the two pro-forma balance sheets, as set out in Section 8.3 of the Prospectus, in order for them to present fairly the financial position of the Trust as at the date of the allotment of the units to be issued under the Offer, on the basis of the assumptions referred to above and in accordance with the measurement requirements of applicable Accounting Standards and other mandatory professional reporting requirements.

The forecast operating statements

Based on our review of the forecast operating statements for the nine month period ending 30 June 1999 and for the year ending 30 June 2000:

- nothing has come to our attention which causes us to believe that the Manager's assumptions, which are subject to the investment risks set out in Section 9 of the Prospectus, do not provide a reasonable basis for the forecast operating statements;
- the forecast operating statements give effect in all material respects to the Manager's assumptions and are correctly compiled; and
- we believe the forecast operating statements are presented on a basis consistent with the accounting policies to be adopted by the Trust, as detailed in Section 8.6 of the Prospectus, and are in accordance with the bases and methods prescribed by applicable Accounting Standards and other mandatory professional reporting requirements. It is in the nature of forecasts that it is not feasible to present all the disclosures which would be required by applicable Accounting Standards.

5. Declarations

Ernst & Young has acted in no capacity in respect to the Prospectus other than as independent accountant and as independent tax adviser and takes no responsibility for any matter referred to in the Prospectus other than this report and the taxation report contained in section 10.3 of the Prospectus. Ernst & Young will be paid a professional fee for the preparation of this report based on actual hours spent on the assignment at normal professional rates. Neither Ernst & Young nor any of the partners have an interest in the Trust or the Manager. Ernst & Young are the auditors and tax advisers of the Trust, the Manager, Wesfarmers, Bunnings and the Vendor.

The Manager has agreed to indemnify and hold harmless Ernst & Young and its employees from any claims arising out of mis-statement or omission in any material or information supplied by the Manager.

The approval of Ernst & Young's consent to the inclusion of this report in the Prospectus should not be taken as an endorsement of the Offer or recommendation by Ernst & Young of any participation in the Offer or promotion of the Prospectus.

Yours faithfully

Ernst + Young

Ernst & Young

10

10.3 Independent taxation report - Ernst & Young

ERNST & YOUNG

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9 July 1998

The Directors
Bunnings Property Management Limited
11th Floor
40 The Esplanade
PERTH WA 6000

Dear Sirs

Bunnings Warehouse Property Trust - taxation opinion

This report has been prepared for inclusion in the prospectus to be dated on or about 17 July 1998, inviting the public to subscribe for Units in the Bunnings Warehouse Property Trust (the "Trust").

This report has been prepared for use by investors in relation to the subscription for Units in the Trust. The report provides an opinion on the income tax issues affecting subscribers in relation to their investment in Units in the Trust and the basic taxation assumptions relating to the operation of the Trust. Unless otherwise stated terms used in this report have the same meaning as they do in the prospectus.

The advice contained in this report is of a general nature only and the tax implications associated with an investment in the Units will depend upon the tax profile of the individual investors. It is therefore imperative that individual investors obtain their own independent taxation advice before investing in the Units.

Assumptions and disclaimer

The opinion expressed must be considered to be subject to the following important assumptions:

- in providing the taxation opinion under this prospectus, we have relied upon the instructions and advice of Bunnings Property Management Limited, being the Manager of the Trust, in relation to the manner in which the Trust intends to operate in the future.
- in accordance with our terms of reference, we report only on the tax implications applying to the Trust and investors in the Trust.

Investors proposing to participate in the Trust should note that:

- the involvement of Ernst & Young in the preparation of this prospectus is limited solely to the preparation of this opinion and that of the independent accountants report for which normal professional fees will be received.
- neither the undersigned nor any of the partners of Ernst & Young have any interest in the promotion of the investment.
- the giving of our consent to the inclusion of this report in this prospectus should not be taken as an endorsement of the investment or recommendation by Ernst & Young of any participation in the Trust by an intending investor.
- Ernst & Young gives no assurance or guarantee whatsoever in respect of the successful operation or the performance of the investments described in this prospectus.

We confirm that Ernst & Young has an ongoing association with Wesfarmers Limited ("Wesfarmers"), a subscribing Unitholder, for which normal professional fees will be received.

ERNST & YOUNG

Taxation status of the Trust

The Trust is an Australian resident for the purposes of Australian income tax. We have been advised that it is the intention of the Trust to acquire Bunnings Warehouse Properties. The Trust also intends to acquire sites on which warehouse outlets will be developed for the purpose of deriving rental income.

The net income of the Trust will be taxed in accordance with the provisions contained in Division 6 of Part III of the Income Tax Assessment Act 1936 ("ITAA"). Therefore the net income of the Trust will not be taxed in the hands of the Trustee, Perpetual Trustee Company Limited (the "Trustee"), provided the net income is distributed to the Unitholders. The tax treatment of the net income will depend upon the nature of the components of the distribution and the individual tax profile of the Unitholder. Due to the characteristics of a unit trust structure, taxation losses cannot be distributed to Unitholders.

There are two main provisions within the ITAA, being Divisions 6B and 6C that can apply to treat certain listed trusts as though they were a company for taxation purposes. The application of either of these provisions to the trust means that the taxable income of the trust would be subject to tax at the prevailing corporate tax rate, in the hands of the trustee.

Division 6B applies if a company transfers property to a unit trust and its shareholders by reason of being a shareholder are granted a right or option to acquire units in the trust.

No shareholder in Bunnings Properties Pty Ltd (the "Vendor") or Wesfarmers, by reason of being a shareholder, has been granted a right or an option to acquire either directly or indirectly through any interposed companies or trusts, a Unit or Units in the Trust.

Therefore, in our opinion Division 6B cannot apply.

Division 6C of Part III of ITAA can tax certain listed trusts as though they were a company except when the trust carries on a business that is considered to be an "eligible investment business". We have been advised that the business of the Trust will consist of the acquisition and development of warehouse properties for the sole purpose of deriving rental income. The Trust will not undertake any property development activities for the purpose of deriving a profit solely from the sale of properties. Therefore, we are of the opinion that the Trust will carry on an "eligible investment business" and consequently Division 6C will not apply.

We consider that the Capital Gains Tax ("CGT") provisions contained in Part IIIA of the ITAA (Parts 3-1 and 3-2 of the Taxation Law Improvement Programme (TLIP)) will apply to the disposal of the investment properties. In a situation where a capital gain arises on the disposal of a property, the cost base is indexed for inflation provided the property has been held for more than 12 months. No indexation of the cost base is available when calculating a capital loss. If a capital loss is incurred, the loss will be available for offset against any capital gains that are realised in the same income year. Otherwise the capital loss may be carried forward to be offset against capital gains of subsequent years, subject to the Trust complying with relevant legislative requirements.

Tax position of investors

Australian resident investors

In accordance with Parts VA and VI of the ITAA, the Trust will be required to withhold tax from distributions to a Unitholder where the Unitholder has failed to notify the Trust of their tax file number. At the time of subscribing for Units in the Trust, the investor will be requested to notify the Trustee of their tax file number.

A Unitholder who fails to notify the Trustee of their tax file number will have income tax at the highest personal marginal tax rate (currently 47 per cent) plus Medicare levy (currently 1.5 per cent), deducted from the total distribution. The tax withheld will be remitted to the Australian Taxation Office by the Manager.

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Distributions of income

Provided a Unitholder has supplied their tax file number to the Trustee, the distributions from the Trust will be made on a pre tax basis. A pre tax distribution may comprise the following components:

- net assessable income;
- tax free; and
- tax deferred.

Net assessable income component

We have been advised that Unitholders will be presently entitled to the net assessable income of the Trust. A Unitholder will be required to include their share of the net assessable income of the Trust, as calculated for tax purposes, in their assessable income.

Tax free component

This component of the distribution reflects the building allowance deductions available to the Trust under Division 10D of the ITAA (Division 43 of the TLIP).

The tax consequences to a Unitholder of the inclusion of a tax free component in the distributions he or she receives can be summarised as follows:

- it will not be included in the Unitholder's assessable income on receipt;
- the cost base of the Unitholder's Units will not be reduced by the amount of this component for the purposes of determining a capital gain arising on disposal of the Units;
- the cost base of the Unitholder's Units will be reduced by the amount of this component for the purposes of determining a capital loss arising on disposal of the Units.

Tax deferred component

A tax deferred component will generally arise in an income year when the net assessable income calculated by the Trust for tax purposes is lower than the accounting income that is available for distribution. For example, where accounting depreciation expense used to calculate accounting income is less than tax depreciation.

The tax consequences to a Unitholder of the receipt of a tax deferred component in the distributions can be summarised as follows:

- it will not be included in the Unitholder's assessable income on receipt;
- the cost base of the Unitholder's Units will be reduced by the amount of this component for the purposes of determining either the capital gain or capital loss arising on disposal of the Units;
- if the total of such distributions reduce the Unitholder's cost base or indexed cost base in the Units to zero, any further tax deferred distributions will be immediately assessable to the Unitholder.

Disposal of Trust Units

Unitholders may be subject to CGT on the disposal of their Units. Where the Units have been held for more than 12 months, the assessable capital gain will be calculated after the cost of the Units has been indexed for inflation. If the Units have been held for less than 12 months, no indexation of the cost base will be allowed. However, if the Units are disposed of for less than their reduced cost base, a capital loss will arise. A capital loss may only be offset against any current or future capital gains. The calculation of a Unitholder's capital gain or loss may also be affected by any tax free or tax deferred distributions made by the Trust (refer above).

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Unitholders should also be aware that the taxation treatment of gains or losses arising from the disposal of Units in the Trust may depend upon a Unitholder's particular circumstances. For example, investors who are in the business of share trading may be assessable on the full profit on disposal of the Units under the ordinary income tax provisions, and will not have the benefit of cost base inflation indexation under the CGT provisions.

Distribution reinvestment plan

The Manager may offer Unitholders the opportunity to elect to forego the receipt of distributions to receive additional Units in the Trust.

For taxation purposes, the net assessable income component of any distribution that is reinvested as additional Units will still be subject to tax. The amount of the distribution that is reinvested must be disclosed in the Unitholders' income tax returns in the year of reinvestment, in accordance with the distribution statement issued by the Trustee.

The reinvested distribution will form the cost base of the new Units for the purposes of the CGT provisions.

Non-resident investors - Australian tax implications

A non-resident Unitholder should be aware of the following variations to the taxation position of resident Unitholders.

Distributions of income, including taxable capital gains from Australian sources, will generally be taxable to the Trustee on behalf of the non-resident Unitholder. The Trustee will be required to deduct the appropriate tax from the distribution to non-residents. Non-resident investors may be entitled to a credit for the Australian tax paid in the country in which they are tax residents.

Non-resident investors should obtain their own independent taxation advice relevant to their country of residence, including the treatment of the following income:

- distributions that may have been taxed in Australia or received free of Australian tax;
- the application of any foreign tax credits in relation to Australian tax withheld from the distributions;
- the taxation of any realised gains upon the sale of the Units in the Trust.

Yours faithfully

Ernst & Young

Ernst & Young

Material contracts

11

11.1 Underwriting agreement

The following information is a summary of the provisions of the Underwriting Agreement.

The Underwriting Agreement dated 17 July 1998 between the Manager and each of the Underwriters, pursuant to which the Underwriters will underwrite the Offer of 99,000,000 Units in the Trust, is conditional on:

- approval of the ASX to the listing of the Trust on or before 30 November 1998; and
- granting by the ASX of official quotation for the Units on or before 30 November 1998;

If there is a shortfall in the issue of Units, the Underwriters must procure the subscription of those Units upon receipt (within the time specified) of a certificate from the Manager certifying the number of outstanding Units. The Underwriters must tender the full issue price for those outstanding Units within the time specified, and the Manager will then issue the Units to the Underwriters or applicants accordingly.

After the issue of all of the Units, the Manager must pay the Underwriters a commission of $1,732,500 being 1.75 per cent of the underwritten amount, and a management fee of $247,500 being 0.25 per cent of the underwritten amount. The Manager is also responsible for paying certain costs and expenses of the Underwriters.

The Manager has made various representations, warranties to and covenants with the Underwriters including that any public announcements and disclosures made by the Manager in respect of the issue of Units will be true and correct to the best of its knowledge and belief.

Any of the Underwriters can terminate the Underwriting Agreement by giving written notice to the Manager if it believes in good faith that any of the following events have occurred which has or is likely to have a materially adverse effect on the outcome of the issue of Units or give rise to the Underwriter being liable under section 1005(1) of the Corporations Law:

- the ASX does not approve the Units for official quotation within the time specified or has subsequently withdrawn, qualified or made conditional that approval;
- a material adverse change, significant change or new matter has occurred in relation to a matter in the prospectus or the securities of the Trust and a supplementary or replacement prospectus is required to be lodged by the Manager or if the event requires that the existing applications be withdrawn or open to refund under the Corporations Law;
- the Manager ceases to hold the necessary licences and approval under the Corporations Law and the Trust Deed to act as the Manager;
- the Trust Deed ceases to be an approved trust deed under Division 5 of Part 7.12 of the Corporations Law;
- the prescribed interest scheme represented by the issue of the Units ceases to have the necessary approvals under Division 5 of Part 7.12 of the Corporations Law;
- the Manager makes a material default under or is in material breach of any provision of the Underwriting Agreement;
- any warranty or representation made by the Manager to the Underwriters under the Underwriting Agreement ceases to be true;
- there is an outbreak of hostilities not presently existing, whether or not war has been declared, actively involving any one of Australia, the United States of America, the United Kingdom and Japan;
- an officer of the Manager is charged with an indictable offence relating to any financial or corporate matter;
- the adoption or announcement of prospective legislation or policy by the Parliament of the Commonwealth of Australia or of any State of Territory or any responsible Minister of such government, the ASIC, the ASX or the Reserve Bank of Australia, which would have the effect of prohibiting, affecting or regulating the issue of Units;

- ASIC makes an application for an order under section 1004 of the Corporations Law in relation to the prospectus and such application is not dismissed or withdrawn on or before the Underwriter is required to tender payment for any outstanding Units;
- there is a material misstatement, inaccuracy or omission in the prospectus or any statement is or becomes false or misleading in a material respect;
- any person gives a notice under section 1008(4) of the Corporations Law in relation to the prospectus;
- ASIC gives notice of intention to hold a hearing in relation to the prospectus pursuant to section 1033(3) of the Corporations Law or makes an order under section 1033(1) or section 1033(4) of the Corporations Law;
- any person, other than an Underwriter or sub-underwriter, withdraws consent to include their name in the prospectus;
- an insolvency event occurs in relation to either the Manager or the Trust; and
- the Manager fails to furnish an accurate certificate in relation to any shortfall as required under the Underwriting Agreement.

The Manager has agreed to indemnify the Underwriters jointly and severally and their officers and employees against any losses, damages, expenses and costs arising out of or in connection with a material breach of the Underwriting Agreement by the Manager, any material non-compliance by the Manager and its officers or employees with any applicable law in relation to the issue of the Units or the Trust Deed, any material statement, misstatement, misrepresentation, non-disclosure, inaccuracy, omission or any announcement, advertisement or publicity made or issued by the Manager or its officers, or any review or investigation by the ASIC, the ASX or any other regulatory body. The indemnity is not available with respect to any losses incurred as a result of a breach of the Underwriting Agreement, fraud, default, willful misconduct or gross negligence of the Underwriters in relation to the issue of Units or the prospectus.

11.2 Property Option and Property Sale Contracts

The following information is a summary of the provisions of the Option and the Property Sale Contracts.

Property Option

The Property Option dated 16 July 1998 between the Trustee and the Vendor (the current owner of Bunnings Warehouse Properties) is in respect of trading Bunnings Warehouses, a number of sites on which construction of a Bunnings Warehouse has commenced and a number of sites on which construction of Bunnings Warehouses will commence shortly. Pursuant to the Property Option, the Vendor grants to the Trustee an option to purchase various properties as specified in the Property Option for the prices set out in Section 6.1.

The Property Option is conditional on the approval of the ASX to the admission of the Trust to the official list and successful completion of the public offering of Units in the Trust on or before the expiration of 120 days from the grant of the Property Option.

The Property Option can be exercised in writing by the Trustee but if exercised it must be exercised in respect of all properties. If the Property Option is not exercised within 14 days after the expiry of the 120 day period the Property Option lapses.

If the Property Option is exercised a contract is deemed to come into place in respect of each of the properties referred to in the Property Option and in the form of the Property Sale Contracts.

Property Sale Contracts

The Property Option has attached a contract of sale for each State or Territory in which Bunnings Warehouse Properties are situated. Each of the Property Sale Contracts is on substantially the same terms and conditions but prepared in a standard form for the particular State or Territory (with changes to reflect the relevant laws of the State or Territory). Accordingly, the Property Sale Contracts which come into place on the exercise of the Property Option will be in the form of the relevant State or Territory contract of sale and will further contain the relevant purchase price, encumbrances subject to which the property is sold, fixtures and fittings sold, further particulars and additional special conditions, as are specified in the schedules to the Property Option.

Settlement

The settlement date under the Property Sale Contracts is as soon as practicable as agreed between the Trustee and the Vendor and in any event not later than the later of the following dates: 7 days after listing of the Trust, two days after the date that the Trustee ceases to be under any obligation to repay subscription monies to any investor in the Trust, 14 days after the date of the Property Sale Contract or, in the case of premises under construction, seven days after practical completion.

Each settlement under a Property Sale Contract is subject to the contemporaneous settlement of all other Property Sale Contracts to settle on that day.

Lease

On settlement the Trustee is to grant to Bunnings a lease of the Bunnings Warehouse Property in the form of the proposed lease referred to in Section 11.4 and with a rental as specified in the Property Option.

Warranties

The Property Sale Contract contains warranties from the Vendor to the Trustee in relation to issues in respect of which the Trustee would normally undertake a due diligence. The warranties do not apply in respect of any disclosure made by the Vendor to the Trustee in writing prior to the date of the Property Sale Contract or to any buildings or improvements not yet developed as Bunnings Warehouses.

On settlement, all building contract warranties and manufacturer's warranties are assigned to the Trustee.

Unless covered by third party warranties, the Vendor is responsible for correcting all faulty workmanship in relation to improvements on the property up to six months from the date of practical completion of those improvements.

Development Sites

In the case of each Development Site, the Trustee agrees to negotiate in good faith with Bunnings to agree a proposal for the development of that Development Site into a Bunnings Warehouse. Until practical completion of the Bunnings Warehouse building on the Development Site, the Vendor will pay to the Trustee an access fee for that Development Site as set out in the Property Option. Bunnings will from the date of practical completion pay rental for the Bunnings Warehouse as agreed in the proposal.

Details of the agreed development proposals for the Mandurah, Southport, Underwood and Cannon Hill sites are contained in Section 6.1.

Partially developed Existing Properties

Where an Existing Property is purchased with a partially completed Bunnings Warehouse building, the Vendor is obliged at its own cost and expense to complete that building in accordance with plans and specifications held by the Vendor for the building. In completing any partially completed Bunnings Warehouse building a variation of more than five per cent of the floor area is not permitted, and no variation to the plans and specifications which materially or adversely affects the interests of the Trustee is permitted. Building plans may be altered to comply with the requirements of any relevant authority.

Any partially completed Bunnings Warehouse building must be completed as soon as possible and until completed, the Vendor will insure the improvements, assume all construction risks and costs and ensure the safety of, and on, the site.

Details of the Tuggeranong and Minchinbury properties (which are expected to be completed by 1 October 1998) are contained in Section 6.1.

General

To the extent not varied by the Property Sale Contracts, each Property Sale Contract incorporates the standard terms and conditions applicable to the State or Territory of the Property Sale Contract and are otherwise deemed to be on normal commercial terms, taking into account the nature of the property purchased and the arrangements under the Trust.

Due to the extensive warranties from the Vendor to the Trustee, vendor statements normally delivered to a purchaser in Victoria and New South Wales have not been provided by the Vendor.

11.3 Development Deed

The following is a summary of the provisions of the Development Deed.

The Development Deed dated 16 July 1998 is between Bunnings, the Trustee and the Manager. The Development Deed sets out the basis on which the Trustee will purchase and develop or merely purchase New Sites.

Development Proposal

- New Site with development proposal

  If Bunnings requires a New Site to be developed, it will deliver a development proposal to the Trustee which must be reviewed by the Manager. The proposal will contain the information necessary for the Trustee to make a decision whether or not to participate in the proposal. If the proposal is accepted by the Trustee the purchase price for the New Site and the post-completion market value for the New Site are agreed together with the access fee (if any) and rental to be paid by Bunnings from the completion date.

- New Site without development proposal

  If Bunnings requests the Trustee to merely purchase a New Site, it will deliver a proposal to the Trustee which must be reviewed by the Manager containing information in respect of particulars of the New Site including the proposed purchase price. If the proposal is accepted by the Trustee the purchase price for the New Site is agreed together with the access fee (if any) to be paid by Bunnings.

The Manager will review development proposals and will submit an investment proposal to the Trustee pursuant to the Trust Deed. If the Trust does not accept the development proposal (which it is not obliged to do), Bunnings can undertake the development of the New Site on its own behalf or in conjunction with a third party.

In circumstances where Bunnings has not delivered a development proposal, it must do so as soon as practicable after the Trustee accepts the proposal to merely purchase the New Site.

If the development proposal is accepted by the Trust the Trustee will acquire the New Site (if it has not already done so) and will appoint Bunnings as the project manager to undertake all functions required to complete and administer the development of the New Site.

Acquisition of New Site

In acquiring the New Site the Trustee and Bunnings will agree to either have the Trustee pay the acquisition costs for the New Site itself or have Bunnings provide the Trustee with an interest-free loan for the amount required. If the Trustee funds the purchase itself, Bunnings will pay to the Trustee a monthly access fee for the property equal to the average rental yield of Bunnings Warehouses leased by the Trust to Bunnings multiplied by the purchase price and other acquisition costs of the property. The interest-free Loan (if any) will be repayable on the commencement date of the lease of the Bunnings Warehouse building to Bunnings and the access fee (if any), will cease on the commencement date.

Other than the acquisition costs, Bunnings will (unless the Trustee elects otherwise) fund from its own resources the full development cost of the New Site. If the Trustee elects otherwise, then the access fee will be adjusted to reflect that additional cost borne by the Trustee.

Completion and lease

On practical completion of the Bunnings Warehouse, Bunnings will enter into a lease of the Bunnings Warehouse at a rental agreed in the proposal and otherwise on substantially the same terms and conditions as the lease detailed in Section 11.4.

On the commencement date of the lease of the Bunnings Warehouse the Trustee will pay to Bunnings the market value for the Bunnings Warehouse agreed at the time the Trustee entered into the proposal in respect of the New Site less the acquisition costs of the New Site and other costs paid or incurred by the Trustee (including rates and taxes not otherwise recoverable by the Trustee from any party). In addition, Bunnings will be entitled to the net proceeds of the sale of any part of the New Site which is not included in the Bunnings Warehouse.

Development not proceeding

In the event that a proposal for a New Site is agreed and any necessary development approvals are not obtained or Bunnings no longer wishes to proceed with the proposal (which can only occur prior to the commencement date of the lease) the Trustee will, if requested by Bunnings, sell the property to Bunnings or alternatively sell the New Site on the open market. On sale of the New Site, any costs and expenses incurred by the Trustee in acquiring the New Site will be refunded to the Trustee and in addition the Trustee will be paid any monies necessary to put the Trustee in the same position as it would have been had it not participated in the proposed development of the New Site. Otherwise the balance of all proceeds will be paid to Bunnings.

This position also applies in circumstances where the Trustee acquires a New Site prior to a development proposal or other details being agreed with Bunnings and those matters are not agreed within 120 business days of the date of settlement of the acquisition of the New Site by the Trustee.

11.4 Leases

The following is a summary of the provisions of the leases to be entered into between the Trustee and Bunnings for Bunnings Warehouse Properties.

The lease agreements are in substantially the same form for properties to be sold by the Vendor to the Trustee pursuant to the Property Option and Property Sale Contracts referred to in Section 11.2 and for future developments pursuant to the Development Deed referred to in Section 11.3.

Term

The term is five years with four option terms of five years each. The Trustee or Bunnings can exercise the first two five year options but only Bunnings can exercise the last two five year options.

Rental

The commencing rent is as specified in the Property Option or Property Sale Contracts or in the case of a development of a New Site as agreed pursuant to the Development Deed. Rental is paid in advance by equal monthly instalments.

Rental is reviewed annually in line with movements in CPI compiled by the Australian Bureau of Statistics as the Weighted Average (Eight Capital Cities - All Groups Index Numbers) except on each fifth anniversary of the commencement date when rent is reviewed to market rental determined in accordance with generally accepted rent review criteria. On a rental review there is a restriction on the rental decreasing below the commencement rent.

Payment of outgoings

Bunnings is responsible for payment of all outgoings (excluding the Trustee's and managing agents' fees and commissions and land tax in Queensland) which include all normal rates, taxes and assessments including land tax and Metropolitan Region tax at the amount assessed. Bunnings is responsible for payment of all utilities utilised by it from the premises.

Insurance

Bunnings is required to insure the improvements on the property for replacement and reinstatement value, to take out public risk insurance to an amount of not less than $10,000,000 per incident.

Maintenance

Bunnings is required to keep and maintain the property in good and tenantable repair excluding fair wear and tear and structural liability. This obligation includes the obligation to repaint the premises as and when required but no repainting period is specified.

The Trustee is responsible for maintaining the property and services in good structural repair and condition provided that this responsibility will vest in Bunnings for a period of seven years from the commencement date of the lease if the Trustee has acquired the property from the Vendor.

Bunnings is not entitled to alter or add additions to the property without the consent of the Trustee.

Bunnings is obliged to comply with all orders and requisitions of any relevant authority in respect of the property but except in the first seven years is not obliged to conduct structural works unless arising out of the nature of Bunnings' business or the number or sex of employees.

Use of premises

Bunnings' use of the premises is for the sale and display of hardware and building products and materials and any other business activity permitted by law.

Subletting

While Bunnings or a related body corporate is the lessee it may assign the lease to a related body corporate without the consent of the Trustee. In any other circumstance the consent of the Trustee is required to assign the lease. The lessee is entitled to sublet at any time without the consent of the Trustee.

Expiry lease

On the expiration or sooner determination of the term of the lease, Bunnings is required to remove all items erected or installed by Bunnings.

Any holding over under the lease is on a monthly basis at 1/12th of the annual rent previously paid.

Warranties

The Trustee warrants under the lease that in relation to the premises all service and utility connections are in good order, there is nothing that could result in an obligation or fine under any environmental law, the premises and its use complies with zoning and other State and local government requirements and that sewer connections are beneath the premises. However, if the Trustee has acquired the property from the Vendor, Bunnings will have this liability for a period of seven years from the date of commencement of the lease.

General

The lease is to be registered at the appropriate Land Titles Office.

The entitlement of the Trustee in the event of a default by Bunnings is in accordance with normal commercial provisions found in leases of this nature.

During the term the Trustee is not entitled to dispose of its interest in the property without first offering those premises to Bunnings, in accordance with the first right of refusal rights specified in the lease.

Other than to the extent specified above, the lease is in normal commercial terms for leases of similar properties and taking into account the arrangements between the Trustee and Bunnings.

11.5 Management and Subscription Agreement

The following information is a summary of the provisions of the Management and Subscription Agreement.

The Management and Subscription Agreement is constituted by an exchange of letters dated 17 July 1998 between the Trustee, Manager and Wesfarmers in respect of the provision of management services to the Trust.

This agreement provides that Wesfarmers will:

- subscribe through a wholly-owned subsidiary for 33 million Units in the Trust at the issue price of $1.00 per Unit if the Trust is successful in raising $99 million from the initial public offering of 99 million Units under this prospectus; and
- permit the use of the Bunnings name and logos by the Trust and provide services as set out in the Bunnings Warehouse Property Trust Management document (Management Document) to enable the Manager to fulfil its obligations as manager of the Trust, provided that the manager of the Trust is a wholly owned subsidiary of Wesfarmers.

The Management Document sets out the structure and management services to be provided. Wesfarmers is to provide the Manager with corporate secretarial, accounting and tax, finance and legal services. The position of manager of the Manager will be assumed by an officer appointed from Wesfarmers. The manager will be responsible for overall management, interface with Bunnings, reporting to the board, monitoring performance, Unitholder enquiries and investor briefings.

The senior management of Wesfarmers will also provide ongoing support and advice to the Manager in all areas of the operations of the Trust. The Trustee and Manager will contract externally for other services including those in the areas of property valuation, audit, registry services and printing.

Under the Trust Deed, the Manager is entitled to a management fee of 0.55 per cent per annum of the value of the gross assets of the Trust. The Manager has agreed to reduce this fee to 0.1 per cent per annum until 30 June 2000.

11.6 Financing arrangements

An offer of a debt facility for the Trust has been made by the Bank and accepted on a conditional basis. A term sheet sets out the terms of the debt facility. The actual granting of the facility by the Bank will be subject to the satisfaction of certain conditions precedent, including completion of formal documentation. The terms and conditions in the term sheet are to be documented in a format facility agreement.

Total facility amount: $100,000,000.

Term: The term of the facility is to be five years from the date of acceptance.

Type of facility: Bills accepted and/or bills accepted and discounted and/or fixed rate bills.

Repayment: Interest only, no debt amortisation during the term of the facility.

Prepayments: Debt may be prepaid on any interest reset date without penalty.

Fees: There will be an establishment fee payable on execution of documents. A facility fee will be payable quarterly in advance, calculated on the total facility amount taking into account the ratio of total liabilities to total tangible assets. In addition, an activation fee will be payable upon activation and calculated on the face value and terms of Bills accepted/discounted by the Bank. The facility fee and the activation fee are commensurate with fees charged for facilities of this nature.

Security: The facility will be unsecured on the basis that the Trustee enters into a negative pledge agreement with the Bank.

Other material covenants: Other material covenants include:

(a) a requirement that the leases are renewed within the first month of the three month option periods,

(b) other requirements relating to the leases including minimum tenancy of the properties by Bunnings and minimum rental;

(c) there are no Trust distributions in excess of the current year's profits without the Bank's consent;

(d) the Trust may not, without the Bank's consent, sell more than 10% of total tangible assets (excluding the value of development properties) in any one year;

(e) a restriction on granting any charges over the Trust assets without the Bank's consent; and

(f) financial convenants under which the ratio of the Trust's earnings before interest and tax to interest expense must be greater than 2.5 and that the Trust's interest bearing loans to valuation ratio is generally to be no greater than 45%.

Change of ownership: if effective control of Bunnings or the Manager changes, the Bank may review or require repayment of the facility if it can demonstrate the change adversely affected the creditworthiness of the borrower.

Representations and warranties: usual representations and warranties are given to the Bank including in relation to corporate matters and that the buildings are insured.

Events of default: the offer contains usual events of default which form part of a transaction of this nature including default for breaches of material covenants and failure to make interest or principal payments.

11.7 Broadmeadows carparking deed

The following is a summary of the Broadmeadows carparking deed dated 5 March 1997 between Gandel Seabridge Finance Pty Ltd (the Landlord) and the Vendor. It is proposed the Vendor will assign the deed to the Trust at settlement of the sale of the Broadmeadows Bunnings Warehouse at no cost to the Trust. Under the deed for a fee of one dollar per annum in total, if demanded by the Landlord, the Landlord:

- leases to the Vendor 87 carpark spaces; and
- licences to the Vendor 163 carpark spaces,

for a term of 999 years commencing on 5 March 1997.

The carparking deed may be assigned by the Vendor to any person who is the registered proprieter or is entitled to be the registered proprieter of the Broadmeadows Bunnings Warehouse without the consent of the Landlord.

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Additional information

12.1 The Trust Deed

The following information is a summary of the provisions of the Trust Deed. A copy of the Trust Deed, together with all relevant ASIC exemptions and modifications, can be inspected at the office of the Manager during normal business hours. The provisions of the Corporations Law, as amended from time to time, affect the terms of the Trust Deed and the rights and obligations of the Trustee, the Manager and the Unitholders.

The Trust

The Trust Deed establishing the Trust is dated 18 June 1998. The Trust Deed is an approved deed for the purposes of section 1067 of the Corporations Law and is governed by the laws the Australian Capital Territory.

The Trust is a unit trust. The beneficial interest in the Trust is divided into Units, with each Unit representing a beneficial interest in the assets of the Trust. Each asset of the Trust is vested in, and held by or on behalf of, the Trustee on behalf of the Unitholders.

Each fully paid Unit confers an equal interest in the Trust. A Unit in the Trust does not confer any interest in any particular part of the Trust or in any asset of the Trust, nor does it confer on any Unitholder any rights, powers or entitlements in respect of any asset of the Trust. Unitholders are not entitled to interfere with the powers, authorities or discretions conferred on the Manager or the Trustee by the Trust Deed.

In the event of any conflict of interest arising, the interests of the Unitholders prevail over the interests of optionholders.

Joint holders

Where two or more persons are registered as the holders of a Unit or option, they are for the purposes of the administration of the Trust deemed to hold the Unit or option as joint tenants, subject to certain provisions, including that only the person whose name appears first in the register is entitled to receive notices, cheques or other communications from the Manager or the Trustee.

Rights of Unitholders

The rights of Unitholders include the right to:

- receive income and other distributions attributable to Units held;
- transfer Units (subject to certain restrictions);
- attend and vote at meetings of Unitholders; and
- participate in the winding up of the Trust.

Liability of Unitholders

The Trust Deed contains provisions which are designed to limit the liability of a Unitholder to the value of Units held by that Unitholder. Accordingly, and provided that the issue price of relevant units has been fully paid, no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or the Manager or any creditor of either or both of them in the event that the liabilities of the Trust exceed the assets of the Trust.

Trustee's lien for amounts owing

The Trustee has a first and paramount lien for all amounts owing to the Trustee or the Manager in respect of Units registered in the name of a Unitholder and for amounts the Manager or Trustee may be called upon by law to pay and has paid in respect of such Units. The lien extends to distributions from time to time declared in respect of Units.

Issue of Units

A person who wishes to apply for Units must complete and lodge with the Manager a completed application for Units and the application money or transfer of acceptable property. The Manager may, in its absolute discretion, accept or refuse, in whole or in part, any application for Units or options and if it accepts an application the application money or property must be paid or transferred to the Trustee.

A Unit or option is regarded as issued or granted to the person entitled to it if and when the person's name is recorded in the register. No rights whatsoever attach to a Unit until it is issued or option until it is granted.

If it is not contrary to the Corporations Law or the Listing Rules, the Manager may determine:

- not to issue a certificate for a Unit; and
- to cancel a certificate for a Unit and not to issue a replacement certificate.

Distribution Reinvestment Plan

If the Manager decides, Unitholders may participate in a distribution reinvestment plan details of which will be provided if and when introduced.

Partly-paid Units

The Manager may offer Units which are offered for subscription as partly-paid Units. If the installments on those Units are not paid on the due date for payment, the Units become liable to forfeiture and may be sold by the Manager. The procedure in relation to forfeiture can be summarised as follows:

- If the call is not paid on the due date, the Manager must serve a notice demanding payment of the called amount, and stating that interest on that amount runs from the due date for payment until payment is actually received by the Trustee. The notice must also specify a further due date for payment, and state that if payment in full is not received by such date, the Unit is forfeited and the Manager may offer the Unit for sale.
- Failing payment by the due date specified in the notice, the Unit is forfeited. The Manager may then sell the forfeited Units by public auction in accordance with Part 4.3 of the Corporations Law.
- The Manager must not cancel a partly paid Unit if the holder of the Unit pays the Trustee the full amount of the called amount together with any other amount (including interest) payable in respect of the Unit.
- On completion of the sale of a forfeited Unit, the Unitholder ceases to be the holder of the forfeited Unit, but remains liable to the Trustee for all amounts owing in relation to the Unit.
- Joint holders of partly paid Units are jointly and severally liable for all amounts due and payable on their partly paid Units.

Foreign Unitholders

Subject to the Listing Rules, the Manager may determine that Unitholders whose addresses appearing in the register of Unitholders are in any one or more countries outside Australia or New Zealand are not to be offered Units or options pursuant to a rights issue of Units or options but rather that the rights are offered to a nominee, who will arrange the sale of those rights and the distribution of the net proceeds to such Unitholders.

Management of the Trust

Subject to the provisions of the Trust Deed, the Manager is responsible for managing the Trust. The Manager has full and complete powers of management and must manage the Trust (including all assets, interests, rights, obligations, borrowings and liabilities of the Trust) for the benefit of the holders of Units and options.

The Manager must cause all assets of the Trust of an insurable nature to be adequately insured.

A Unitholder may not:

- interfere or seek to interfere with or question the rights, powers, authority or discretion of the Manager or the Trustee;
- claim or exercise any right in respect of any asset or lodge any caveat or other notice affecting any asset; or
- require that any asset be transferred to a Unitholder.

Investment by the Trust

The Manager subject to certain limitations, has absolute discretion as to the entering into and performance of any transaction or contract, the exercise of voting rights relating to assets, the investment of any part of the assets of the Trust, the purchase, design, construction, repair, maintenance, financing, yielding up, commissioning, building, ownership, leasing, planning, carrying out of works, sale, transfer, exchange, alteration, surrender, abandonment, operation or utilisation of any of the assets and the procuration of any of those things. The Manager must submit any investment proposal to the Trustee. Generally, transactions proposed by the Manager which involve the acquisition or disposal of property at a price within 10 per cent of market value must be accepted by the Trustee. The Manager may resubmit a proposal that the Trustee has previously rejected or may convene a meeting of Unitholders to obtain their approval.

Subject to borrowing limits specified and being lawful, the Trustee must exercise its powers in accordance with recommendations of the Manager, except where:

- the proposed transaction involves an acquisition or disposal of property, at a price not within 10 per cent of market value and the proposal is not in the Trustee's opinion in the interests of Unitholders;
- the Trustee's liability to third parties is not limited in a manner satisfactory to the Trustee; or
- there are insufficient assets to give effect to the Manager's recommendation.

The Trustee and the Manager must ensure that the total borrowings and liabilities of the Trust do not exceed 60 per cent of the total tangible assets of the Trust.

Valuation of investments

The Trustee may, at any time, obtain an independent valuation of any asset of the Trust and must do so at the request of the Manager.

Assets are to be valued at market value, except where the Manager certifies to the Trustee that there is either no market for the relevant assets or the market value does not represent fair value. In these circumstances, the method of valuation to be adopted is to be determined by the Manager in consultation with the Trustee. Any valuer is to be appointed by the Trustee.

Distributions from the Trust

The Manager must collect and pay to the Trustee all moneys, rights and property paid or receivable in respect of the Trust. The Manager is to determine whether any item is income or capital and the extent to which reserves or provisions need to be made.

For each distribution period (being each half year ended 30 June and 31 December during the life of the Trust) the Manager must calculate and the Trustee must distribute or reinvest at the direction of the Manager each Unitholder's distribution entitlement, as follows:

- The Distributable Amount (DA) for a period is to be determined in accordance with the following formula:
  DA = I + C - R
  where:
  I is the net income of the Trust;
  C is any additional amount (including capital) which the Manager has determined is to be distributed; and
  R is any amount credited to a reserve;
- The DA is then divided amongst Unitholders in proportion to the number of Units held by them (with each partly paid Unit counting as that fraction of a Unit equal to the proportion to which it is paid up). Where directed to do so by the Manager, the Trustee must deduct from each Unitholder's payment all amounts which:
  - are necessary to avoid distribution a fraction of a cent;
  - the Manager determines are not practical to distribute;
  - equal any amount of tax which has been paid or which the Manager determines is or may be payable by the Trustee or Manager in respect of the Unitholder's distribution entitlement; or
  - are required to be deducted by law.

The Manager must determine how any sum so retained is to be treated. Until a forfeited Unit is sold it carries no distribution entitlement.

On the books closing date for each distribution period, each Unitholder is presently entitled to the net income of the Trust less any amount credited to a reserve in proportion to the Unitholder's respective entitlements under the Trust Deed.

For any category or source of income the Manager may keep separate accounts and allocate the income from any category or source to any Unitholder.

Following the end of each financial year (30 June of each year, except when the Trust terminates) the Manager must notify the Unitholders as to the composition of income and capital in respect of distributions.

Options

The Manager may offer options on certain terms and conditions. An option does not confer on the optionholder any interest in the Trust and, in particular, does not entitle the optionholder to any distribution of income or capital of the Trust. An option automatically lapses on the termination or winding up of the Trust. Optionholders have very limited rights to attend or vote at meetings.

Options are not offered under this prospectus.

The Trustee

Subject to the Trust Deed, the Trustee has all the powers of a natural person acting in his or her personal capacity. The Trustee may appoint a person as its agent to exercise its powers and perform its obligations, other than the power to exercise a discretion.

The Trustee may appoint a person who is not an associate of the Manager to deal with any asset on behalf of the Trustee and perform any incidental or ancillary action. The Trustee is not liable for the acts of any person so appointed (other than a custodian) provided reasonable care is exercised in selecting that person and the Trustee is liable for the acts of any custodian as if the custodian's acts were the Trustee's own.

Trustee's and Manager's responsibilities and indemnities

The Trustee, the Manager and each director and officer of the Trustee and the Manager are not personally liable to a Unitholder or any other person in connection with their office except for, in the case of the Trustee, their own fraud, negligence or breach of trust and, in the case of the Manager, their own fraud, negligence or breach of duty.

Each of the Trustee and Manager is not liable to any Unitholder beyond the extent to which it is entitled to be and is in fact indemnified out of the assets of the Trust actually vested in the Trustee except in the case of the Trustee, its own fraud, negligence or breach of trust and in the case of the Manager, its own fraud, negligence or breach of duty.

The Manager and the Trustee or a director, officer or employee or associate of either of them may:

- be a Unitholder;
- act in any fiduciary, vicarious or professional capacity;
- have an interest in or enter into a contract or transaction with any person (including the Manager, the Trustee, an associate of either of them or any Unitholder);
- hold or deal in or have any other interest in an asset,

and may retain (and is not required to account for) any benefit derived by doing so. The doing of any act or acting in any such capacity is not a breach of any of the obligations arising out of the fiduciary relationships between the Trustee, the Manager and the Unitholders.

Without prejudice to any indemnity given by law to the Trustee or the Manager but subject to the Trust Deed:

- the Trustee and Manager are each indemnified out of the assets of the Trust against any amount incurred in prosecuting or defending any action, suit, arbitration or other dispute resolution procedure in respect of the Trust except to the extent that such expense or liability arises out of in the case of the Trustee its own fraud, negligence, or breach of trust and in the case of the Manager, its own fraud, negligence or breach of duty;
- neither the Trustee nor the Manager is responsible for:
  - any amount incurred by any fraud, negligence, breach of duty or breach of obligation under the Trust Deed by the other or any agent of the other; or
  - any amount incurred by relying on any notice, resolution, information, documents, forms or lists unless it reasonably believes such item not to be genuine or not to have been passed, executed or signed by the proper parties; or
  - amounts if a person fails to carry out an agreement with the Trustee or Manager;

except to the extent that such loss is attributable to its own fraud, negligence, breach of duty or breach of trust;

- each of the Trustee and the Manager is entitled to rely on each other or any third party as to the validity and due authorisation of a document or communication except to the extent of its own fraud, negligence, breach of duty or breach of trust;
- neither the Trustee nor the Manager will be liable to anyone in respect of any failure to perform or do any act or thing which by reason of:
  - any provision of any present or future law or statute of Australia or any State or Territory; or
  - of any decree, order or judgment of any competent court, either the Trustee or the Manager is prevented, forbidden or hindered from doing or performing.

Each of the Trustee and the Manager may take and act upon the opinion or advice of counsel or solicitors and the opinion or information from any persons consulted by the Trustee or the Manager who are believed in good faith to be expert and they will not be liable for any reliance in good faith on such opinion, advice or information.

Register and transfers

The Manager will keep and maintain an up to date register of Unitholders and optionholders, a copy of which must be provided to the Trustee on request.

While listed on the ASX, all transfers must be effected in accordance with the Listing Rules.

Remuneration of the Manager and the Trustee

The Trustee receives a once only establishment fee of $10,000 and a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust, up to $200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds $200 million. The fee is payable quarterly in arrears and is subject to a minimum of $40,000 per annum (increased according to the CPI).

The Manager is entitled to a management fee of 0.55 per cent per annum of the gross asset value of the Trust. The Manager has agreed to reduce this fee to 0.1 per cent per annum until 30 June 2000.

If the Manager becomes the single responsible entity, then to the extent permitted by the Corporations Law it will become entitled to both the Manager's and the Trustee's remuneration referred to above. As the single responsible entity the Manager will be responsible for payment of the fees of any custodian appointed by it.

In addition to those fees and any other right of indemnity under the Trust Deed or the law, the Manager and Trustee are entitled to be reimbursed out of the assets of the Trust for all costs, expenses and losses incurred in the course of their office or in relation to the administration or management of the Trust.

Removal of the Trustee or the Manager

The Trustee may be removed from office by a special resolution passed by Unitholders. The Manager must then appoint a new trustee. The Manager may be removed from office by an ordinary resolution passed by Unitholders. The appointment of a new manager must be approved by a special resolution of Unitholders.

Repurchase or redemption of Units

The ASIC has granted a modification to the buy-back and related covenants which provides that the Manager is not required to repurchase or cause a redemption of the Units:

- during a period of 90 days from the date of the issue of this prospectus;
- during a period of 90 days from the date Unitholders vote in favour of listing the Trust on the ASX;
- while the Units are officially quoted (even if suspended for a continuous period not exceeding 60 days); and
- after any notice has been sent to convene a meeting to determine whether to wind up the Trust.

Amendment of the Trust Deed

Subject to the Corporations Law, the Trustee and the Manager may alter the Trust Deed.

Duration of Trust

Unless terminated earlier under the Trust Deed, the Trust continues until the earlier of the expiration of 80 years following the commencement of the Trust, and Units ceasing to be officially quoted on the ASX.

Convening of meetings of Unitholders

The Trustee or the Manager may at any time convene a meeting of Unitholders.

Except at certain meetings held in accordance with the Corporations Law, optionholders are not entitled to vote at meetings, nor to receive notice of any meeting.

A resolution validly passed at a meeting is binding on all holders of Units and options (whether present or not).

Takeovers and substantial Unit holdings

The Trust Deed contains provisions based on the substantial shareholder and takeover provisions applicable to corporations in the Corporations Law. These provisions restrict the number of Units that may be acquired by a person without making a full takeover offer, subject to certain exceptions. These provisions also require notice to be given by persons acquiring or disposing of Units such that the size of a holding exceeds 5 per cent of the Units on issue as a result of the acquisition or disposal.

ASIC modifications and exemptions

The ASIC has issued the following declarations, modifications or relief from the requirements of certain sections of the Corporations Law and regulations in the Corporations Regulations in respect of the Trust:

- Relief from sections 1069(1)(c), (d), (e)(ii) and 1072 of the Corporations Law and regulation 7.12.16(1)(b) of the Corporations Regulations relating to buy-backs so as to suspend the obligation of the Manager to purchase units from Unitholders in various circumstances, including while the Trust is listed on the ASX.
- A modification of the requirement in section 1069(1)(b)(ii) that interests in the Trust may be issued at a price calculated other than in accordance with the Trust Deed (including at a discount to market price) so as to permit:
    - private placement of Units;
    - rights issues of Units;
    - rights issues of options;
    - Units to be issued pursuant to a distribution reinvestment scheme; or
    - the auction of partly paid Units which are forfeited for non-payment of a call;

  at an issue price determined by the Manager in accordance with limits and conditions contained in the Trust Deed.

- A modification of the requirement in regulation 7.12.15(1)(f)(ii) that prescribed interest holders of the same class be treated equally and different classes fairly so that the Manager can exclude Unitholders whose registered address is outside Australia or New Zealand from rights issues of Units or options, and instead sell their entitlements on market and distribute to them the net proceeds of sale.
- An exemption in respect of the requirements in section 1069(1)(f)(ii) so that:
  - the Trustee need not send accounts and reports to a Unitholder or optionholder if the holder's whereabouts are unknown or if the holder has requested that they not be sent; and
  - the statement which must be sent to prescribed interest holders by section 1069(1)(f)(ii) may refer to the modified buy-back arrangements (see first modification above).
- Relief from section 1069(1)(g) to permit investment in and loans to wholly owned subsidiaries of the Trustee and certain companies associated with the Manager.
- Relief from section 1069(1)(k) to permit the Trustee or Manager in certain circumstances to exercise voting rights relating to companies in which the Trust may invest at a meeting of shareholders at which directors are to be elected.
- Relief from regulation 7.12.15(1)(a) to permit, in certain circumstances, investments in schemes not approved by the ASIC under section 1067.
- A modification to sections 216F and 1070 and regulations 7.12.15(6)(a) to permit the Manager to restrict public access to the register of Unitholders of the Trust.
- A modification to regulation 7.12.15(1)(d) of the position concerning voting at meetings by Unit and option holders to approve the payment of retirement benefits to the Manager or Trustee.
- A modification to regulations 7.12.15(6)(ba) and (bb) to permit the Manager to accept application money in certain circumstances when it is not accompanied by a completed application form attached to a prospectus.
- Relief from section 1069(1)(m) and regulations 7.12.15(2)(b) and (c) and 7.12.15(6)(g) to permit in certain circumstances, restrictions to be placed on voting by option holders.

12.2 Litigation

There is no threatened or actual litigation involving the Trust.

12.3 Interests of the Manager, the Trustee and their directors

Other than as disclosed in this prospectus, the Trustee and the Manager have no interest (and have not had an interest in the two years prior to the lodgement of this prospectus with the ASIC) in the promotion of the Trust or in any property proposed to be acquired in connection with the formation or promotion of the Trust.

Other than as disclosed below or otherwise in this prospectus, the directors of the Manager and the directors of the Trustee have no interest (and have not had an interest in the two years prior to lodgement of this prospectus with the ASIC) in the promotion of the Trust or in any property proposed to be acquired in connection with the formation or promotion of the Trust:

(a) P J Johnston
  - beneficially owns 16,039 units of a total of 287,174,053 units in the Franked Income Fund which holds Wesfarmers shares and which also holds all "B" ordinary shares in WFCL Investments Pty Ltd which holds Wesfarmers shares. Together these Wesfarmers holdings total approximately 51 per cent of Wesfarmers shares;
  - beneficially owns 1,100 Wesfarmers shares;
  - beneficially owns 24,665 Wesfarmers shares which are the subject of loans under the Wesfarmers Employee Share Plan; and
  - previously beneficially owned 15,000 Wesfarmers options, but has sold them.

(b) D A Robb beneficially owns 24,780 Wesfarmers shares which are the subject of loans under the Wesfarmers Employee Share Plan.

(c) P J Mansell, is managing partner of Freehill Hollingdale & Page which are solicitors to the Manager.

Other than his or her ordinary remuneration and other entitlements as a director, no director of the Trustee or the Manager has been paid, or agreed to be paid, any amount in cash, units or otherwise by any person to induce him or her to become, or to qualify him or her as a director, or for other services rendered by him or her in connection with the promotion or formation of the Trust.

12.4 Interests of experts and advisers

JLW Advisory has acted as independent valuer and has provided the reports in Sections 5 and 10.1. JLW Advisory is entitled to receive fees of up to $110,000 for services rendered in providing those reports.

Ernst & Young have acted as independent accountant and as independent taxation advisers and have provided the reports in Sections 10.2 and 10.3. Ernst & Young are entitled to receive fees of up to $35,000 for services rendered in providing those reports. Ernst & Young are also the auditors of the Trust.

ABN AMRO Rothschild and JB Were & Son are Joint Lead Underwriters. In relation to this role, ABN AMRO Rothschild and JB Were & Son are entitled to receive fees of up to $1,980,000 for their services. Further details of the Underwriting Agreement are set out in Section 11.1.

Freehill Hollingdale & Page have acted as solicitors to the Manager. Freehill Hollingdale & Page are entitled to receive fees of approximately $150,000 for their services.

12.5 Consents and disclaimers

Bunnings Property Management Limited as Manager is the issuer of this prospectus.

Perpetual Trustee Company Limited has given its consent to be named as Trustee of the Trust in this prospectus and has not withdrawn its consent prior to lodgement of this prospectus. The Trustee has had no involvement in the preparation of any part of this prospectus (other than the particular references to the Trustee). The Trustee expressly disclaims and takes no responsibility for any other part of this prospectus. The Trustee makes no statement in this prospectus and has not authorised or caused the issue of it.

JLW Advisory has given its consent to the issue of this prospectus with the reports in Sections 5 and 10.1 in the form and context in which they appear and has not withdrawn its consent prior to lodgement of this prospectus. JLW Advisory has only been involved in the preparation of those reports and those paragraphs of Sections 12.4 and 12.5 where its name appears and takes no responsibility for any other part of this prospectus.

Ernst & Young have given their consent to the issue of this prospectus with the independent accountant's report in Section 10.2 and the independent taxation report in Section 10.3 in the form and context in which they appear and have not withdrawn their consent prior to lodgement of this prospectus. Ernst & Young have only been involved in the preparation of those reports and those paragraphs of Sections 12.4 and 12.5 where their name appears and take no responsibility for any other part of this prospectus.

ABN AMRO Rothschild and JB Were & Son have given their consent to be named as Joint Lead Underwriters in this prospectus and have not withdrawn their consent prior to lodgement of this prospectus. ABN AMRO Rothschild and JB Were & Son have only been involved in the due diligence process for this prospectus and in the preparation of Section 11.1 and those paragraphs of Sections 12.4 and 12.5 where their names appear but have not otherwise authorised or caused the issue of this prospectus.

Hartley Poynton Limited and Porter Western Limited have given their consent to be named as Co-Managers in this prospectus and have not withdrawn their consent prior to lodgement of this prospectus. Hartley Poynton Limited and Porter Western Limited have only authorised or caused the issue of that part of Section 16 where their names appear and take no responsibility for any other part of this prospectus.

Freehill Hollingdale & Page have given their consent to be named as solicitors to the Manager in this prospectus and have not withdrawn their consent prior to lodgement of this prospectus. Freehill Hollingdale & Page were only involved in the due diligence process for this prospectus and in the preparation of Sections 11 and 12 and have authorised or caused the issue of that part only. Freehill Hollingdale & Page have not authorised or caused the issue of any other part of this prospectus.

Gresham Partners Limited has given its consent to be named as financial advisers to the Manager in this prospectus and has not withdrawn its consent prior to lodgement of this prospectus. Gresham Partners Limited has only been involved in the due diligence process for this prospectus and in the preparation of this paragraph.

The Bank has consented to be named in this prospectus and has not withdrawn its consent prior to the lodgement of this prospectus. The Bank has been involved only in the preparation of Section 11.6 and has not provided any expert advice or assistance in the preparation of this prospectus. The Bank did not authorise or cause the issue of any part of this prospectus other than Section 11.6 and makes no express or implied representation in relation to the Trust, this prospectus, or any other matter.

Minter Ellison have given their consent to be named as solicitors to the Underwriters in this prospectus and have not withdrawn their consent prior to lodgement of this prospectus. Minter Ellison have only authorised or caused the issue of that part of Section 16 where their name appears and take no responsibility for any other part of this prospectus.

12.6 Documents available for inspection

Copies of the Trust Deed, the material contracts referred to in Section 11 and the consents referred to in Section 12.5 are available for inspection free of charge during normal business hours at the registered office of the Manager at 11th Floor, Wesfarmers House, 40 The Esplanade, Perth, Western Australia.

The copy of the material contract referred to in Section 11.6 deposited at the above address has been censored, and material has been deleted from the copy of the document available for inspection. The censoring of that document has been conducted consistently with the principles set out in the Corporations Law and ASIC policy statements and class orders. Information has been censored from the copy of that document as disclosure of the information would have resulted in unreasonable prejudice to the Trust due to the commercial sensitivity of the information and the commercial disadvantage which the Trust could suffer if that information were made public.

12.7 Australian Stock Exchange in principle advice

Listing Rule 10.1 regulates transactions with persons in a position of influence. In respect of Listing Rule 10.1, the ASX has advised that subject to:

- the terms of the in principle advice obtained from the ASX by the Trust being provided to any person who may subscribe for securities pursuant to a prospectus or as a prequotation disclosure; and
- the in principle advice applying only until 1 October 1998 and being subject to any amendments to the Listing Rules, changes in the interpretation or administration of the Listing Rules and policies of the ASX, on receipt of an application for admission to the official list of the ASX by the Trust,

the ASX would be likely to:

(a) form the opinion that approval of Unitholders of the Trust is not required under Listing Rule 10.1 for the exercise of the Property Option described in Section 11.2 on condition that the terms of the acquisitions are settled and provided to any person who may subscribe for securities pursuant to a prospectus;

(b) form the opinion that approval of Unitholders of the Trust is not required under Listing Rule 10.1 for the grant by the Trust of leases to Bunnings of Existing Properties on condition that the terms of the leases are settled and provided to any person who may subscribe for securities pursuant to a prospectus;

(c) assess whether the value of the asset acquired is "substantial" under Listing Rule 10.2 for the purpose of deciding whether approval under Listing Rule 10.1 is required for the arrangements whereby the Trust pays Bunnings to develop New Sites and reimburses development costs on the basis that geographically discrete property acquisitions are not aggregated and by reference to actual payments made by the Trust to Bunnings (or other Wesfarmers group companies) for the development in ascertaining the value of the consideration;

(d) grant, for the period of six years from the date of admission of the Trust to the official list only, the Trust a waiver from Listing Rule 10.1 to the extent necessary to permit the Trust to enter into a lease with Bunnings for any New Site where the lease is a substantial asset of the trust, taking into account payments for the fixed term of the lease without obtaining Unitholder approval on condition that:
   (i) each Annual Report for the Trust sets out clearly the terms and conditions of the leases entered into between the Trust and Bunnings (or any other Wesfarmers group company) for the period since the last Annual Report or the admission of the Trust to the official list; and
   (ii) the lease agreement between the Trust and Bunnings in each case contains an appropriate mechanism for determining every five years the market rent to be paid for each New Site, including the provision of advice by an independent licensed valuer to the management company of the Trust on the current market rental value, and provides that no lower rent than that amount shall be paid for each property;

(e) assess whether the value of the asset disposed of is substantial under Listing Rule 10.2 for the purpose of deciding whether approval under Listing Rule 10.1 is required for a lease with Bunnings for any New Site on the basis that leases are not aggregated;

(f) determine that the grant of a right of first refusal by the Trust in favour of Bunnings in relation to each of the Bunnings Warehouse Properties is not, of itself, a disposal of any of the Bunnings Warehouse Properties and as such does not come within the ambit of Listing Rule 10.1;

(g) consider the rent review provisions of the proposed leases summarised in Section 11.4 appropriate for the purposes of paragraph (d)(ii) above;

(h) consider that if the Vendor were to transfer undeveloped land to the Trust pursuant to an option agreement disclosed in the Trust's prospectus and with an agreed development proposal, including the total price, disclosed in the prospectus, that the transaction would be treated under paragraph (a) above rather than paragraph (c) above; and

(i) consider that in respect of leases of the Bunnings Warehouses where the undeveloped land is acquired from the Vendor pursuant to an option agreement disclosed in the Trust's prospectus and the Bunnings Warehouse developed in accordance with an agreed development proposal which was disclosed in the Trust's prospectus, that paragraph (b) above would apply to those leases.

The Trust will apply to the ASX for these rulings and waivers when it applies for listing on the ASX. In addition, the Trust will apply to the ASX for waivers from the following at the same time:

- Listing Rules 6.9 and 13.5 to the extent necessary that Unitholders are not entitled to appoint a proxy at any meetings convened under sections 1074(4) and 1076(2) of the Corporations Law until six months after the Corporations Law has been amended to allow proxy voting; and
- clause 1 of appendix 6A to the Listing Rules to the extent necessary that the rate and amount of a distribution need not be advised to the ASX when announcing a distribution and record date, on condition that an estimated distribution rate is advised to the ASX and the rate is advised to the ASX as soon as it becomes known.

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Directors' report

The Directors report that as at the date of this prospectus, in their opinion and after due inquiry, no circumstances have arisen that are not disclosed in this prospectus which materially affect, or would materially affect, the financial position of the Trust. The Directors have authorised the issue of this prospectus.

Signed by each of the Directors, or their agents duly appointed in writing.

W H Cairns, by his agent authorised in writing

R W McCuaig, by his agent authorised in writing

P J Mansell

P J Johnston

D A Robb

Glossary of terms

ABN AMRO Rothschild	ABN Amro Corporate Finance Australia Limited ACN 008 583 551 and Rothschild Australia Securities Limited ACN 008 591 768 trading as ABN AMRO Rothschild
Application Form	the form contained in Section 15 which must be completed by applicants and lodged before the close of the offer
ASIC	Australian Securities & Investments Commission
ASX or Australian Stock Exchange	Australian Stock Exchange Limited ACN 008 624 691
Bank	National Australia Bank Limited ACN 004 044 937
Bunnings	Bunnings Building Supplies Pty Ltd ACN 008 672 179
Bunnings Warehouse Properties	Existing Properties and New Sites
Bunnings Warehouses	Existing Properties or New Sites which are ready for trading as Bunnings Warehouses
CHESS	the Clearing House Electronic Sub-register System
Co-Managers	Hartley Poynton Limited ACN 009 136 029 and Porter Western Limited ACN 009 105 579
CPI	Consumer Price Index
Deed of Cross Guarantee	the Deed of Cross Guarantee pursuant to the relevant ASIC class orders, between Wesfarmers and Bunnings (amongst others). The Deed of Cross Guarantee is described in Section 7.3 and may be terminated by the parties in certain circumstances.
Development Deed	the Warehouse Store Development Deed dated 16 July 1998 between the Trustee and Bunnings
Development Sites	The Existing Properties located at Mandurah, Southport, Underwood and Cannon Hill
Directors	the board of directors of the Manager
Existing Properties	the properties to be acquired by the Trust under the Property Sale Contracts summarised in Section 11.2. The Existing Properties are also set out in Section 6
JB Were & Son	Were Stockbroking Limited ACN 006 797 897 trading as JB Were & Son
JLW Advisory	JLW Advisory Services Pty Ltd ACN 003 262 600
Listing Rules	Official Listing Rules of the ASX
Management and Subscription Agreement	the agreement dated 17 July 1998 between the Manager, the Trustee and Wesfarmers
Manager	Bunnings Property Management Limited ACN 082 856 424
New Sites	future properties to be developed as Bunnings Warehouses
Offer	the public invitation to apply for 99 million Units at an issue price of $1.00 per Unit
Passing Initial Yield	rent divided by purchase price
Property Option	the Option dated 16 July 1998 between the Trustee and the Vendor
Property Sale Contracts	the contracts of sale on the properties to be entered into pursuant to the Property Option
Trust	Bunnings Warehouse Property Trust
Trustee	Perpetual Trustee Company Limited, ACN 000 001 007
Trust Deed	the Trust Deed dated 18 June 1998 between the Manager and the Trustee
Underwriters	ABN AMRO Rothschild and JB Were & Son
Underwriting Agreement	the Underwriting Agreement dated 17 July 1998 between the Manager and the Underwriters
Unit	a unit in the Bunnings Warehouse Property Trust
Unitholder	the registered holder of a Unit
Vendor	Bunnings Properties Pty Ltd ACN 008 557 622
Wesfarmers	Wesfarmers Limited ACN 008 984 049
Wesfarmers Group	Wesfarmers and its controlled entities

Application form instructions

Please complete all relevant sections of the application form using **BLOCK LETTERS**.

Please post or deliver the completed form together with your cheque to the address listed below. If you have any questions on how to complete this Form please telephone one of the Underwriters or Co-Managers on the freecall numbers set out in Section 16.

By mail:

ABN AMRO Rothschild GPO Box 4675 Sydney NSW 1042	JB Were & Son Level 19, 140 St George's Terrace Perth WA 6000	Hartley Poynton Limited GPO Box W2077 Perth WA 6001	Porter Western Limited GPO Box R1285 Perth WA 6844

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Directory

Unit Registry	**Corporate Registry Services Pty Ltd** Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia, 6000 Telephone: (08) 9323 2000 Facsimile: (08) 9323 2033	
Manager	**Bunnings Property Management Limited** 11th Floor, Wesfarmers House 40 The Esplanade Perth, Western Australia, 6000	
Trustee	**Perpetual Trustee Company Limited** 1 Castlereagh Street Sydney, New South Wales, 2000	
Solicitors to the Manager	**Freehill Hollingdale & Page** Level 22, AMP Building 140 St Georges Terrace Perth, Western Australia, 6000	
Financial Advisers to the Manager	**Gresham Partners Limited** Level 3, 28 The Esplanade Perth, Western Australia, 6000	
Auditors	**Ernst & Young** Central Park 152-158 St George's Terrace Perth, Western Australia, 6000	
Underwriters	**ABN AMRO Rothschild** Level 24, 255 George Street Sydney, New South Wales, 2000 GPO Box 4675 Sydney, New South Wales, 1042 Freecall 1800 450 005	**JB Were & Son** Level 17, 101 Collins Street Melbourne, Victoria, 3000 Freecall 1800 005 522
Co-Managers	**Hartley Poynton Limited** Level 21, Allendale Square 77 St George's Terrace Perth, Western Australia, 6000 GPO Box W2077 Perth, Western Australia, 6001 Freecall 1800 644 266	**Porter Western Limited** Level 3, 30 The Esplanade Perth, Western Australia, 6000 GPO Box R1285 Perth, Western Australia, 6844 Freecall 1800 060 058
Solicitors to the Underwriters	**Minter Ellison** Level 51, Central Park 152-158 St George's Terrace Perth, Western Australia, 6000	

BUNNINGS
WAREHOUSE PROPERTY TRUST