BUNNINGS PROPERTY MANAGEMENT LIMITED

ABN 26 082 856 424
Responsible Entity for the Bunnings Warehouse Property Trust

16 December 2002

BUNNINGS WAREHOUSE PROPERTY TRUST
UNITHOLDER MEETING – CHAIRMAN'S ADDRESS

Pursuant to Listing Rule 3.13.3, attached is the address to be given by Mr Bill Cairns, Chairman, at the unitholder's meeting of Bunnings Warehouse Property Trust to be held today at 10.00am.

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BUNNINGS WAREHOUSE PROPERTY TRUST

UNITHOLDERS' MEETING – 16 DECEMBER 2002

Once again, I extend a warm welcome to you all.

As set out in the Information Memorandum and Notice of Meeting mailed to you in late November, the main purpose of this meeting is to consider a resolution covering the proposed acquisition by the Trust of four Warehouse properties from BBC Hardware Limited, a subsidiary of Wesfarmers Limited – a transaction which your directors are pleased to support.

The second resolution on the Notice is related to the funding of property acquisitions by the Trust and the final item of business is a proposed change to the Trust's Constitution covering the issue of units that may be made under a Unitholder Purchase Plan .

But, before we deal with the formal business of the meeting, this is an excellent opportunity to briefly review the recent performance of the Trust.

The 2002 financial year was a good year for the Trust, marked by earnings that exceeded the forecast contained in our prospectus issued in September 2001 and also by significantly higher valuations of properties held in the Trust's portfolio for some years.

The Trust reported an operating profit of 21.1 million dollars for the year ended 30 June 2002, representing an increase of 27 per cent on the profit of 16.5 million dollars earned the year before.

This profit was earned on revenue of 29 million dollars, up by 26 per cent from 23.1 million dollars last year due to additional rent received from newly acquired properties, several hardware warehouse expansions and normal programmed rental escalations.

These higher earnings enabled the Trust to make a final distribution of 4.97 cents per unit in August 2002, which lifted the total distribution for the full year to 9.77 cents per unit. This full-year distribution exceeded the forecast of 9.57 cents per unit made in the prospectus issued in September 2001 and represented a 6.4 per cent increase on last year's distribution of 9.18 cents per unit.

At the same time the Trust's unit price on the Australian Stock Exchange has increased. During the financial year ended 30 June 2002 the units traded on the Stock Exchange within a range of $1.13 to $1.36, and peaked at$1.41 in early November 2002. The price a short time ago was $1.39.

The regular revaluation of properties owned by the Trust continues. In the 2000 annual report, I advised that 10 of the Trust's properties had been revalued resulting in an increase in market value of these properties of 7.8 million dollars or 14 per cent.

The Trust's latest annual report covering the financial year to 30 June 2002, noted that a further 14 of the Trust's properties had been revalued by an independent valuer resulting in the market value of these properties increasing by 12 million dollars or 16 per cent.

And, then, in our recent press release relating to the purpose of this meeting, the Trust announced the revaluation of its Albany property in Western Australia – up 10 per cent – and the Cannon Hill Distribution Centre in Queensland – up 13 per cent.

These revaluations of course have a direct and immediate impact on the Trust's net tangible asset backing per unit, or NTA. For example, in the 2002 financial year the NTA per unit increased from $1.02 at the beginning of the year to $1.10 at year end.

Apart from the impact on NTA, the revaluations are also a positive indicator for market rent reviews due to be completed on 18 of our properties between September 2003 and January 2004.

The Trust has also maintained an active acquisitions and development programme since the end of last financial year. Since 1 July this year, the Trust has acquired development sites at Hervey Bay and Rocklea in Queensland. The Bunnings Warehouse at Hervey Bay should be completed any day now, and the development at Rocklea should be completed in the middle of 2003.

The Trust also recently purchased a two hectare development site at Port Macquarie in New South Wales, for $2.1 million plus acquisition costs. A 5,000 square metre store is to be developed on the site by mid next year at a cost to the Trust of $5.4 million. Upon completion of the development, the property will be leased to Bunnings Building Supplies at a commencement rent of $680,000 per annum.

The Trust continues to assess acquisition opportunities which arise from the rollout of Bunnings Warehouses which are forecast to continue at a rate of some 8 to 12 stores per annum.

Now let us turn to the main business of the meeting. The Information Memorandum and Notice of Meeting mailed to unitholders' in late November 2002 provides full detail and background to the resolutions to be considered today.

The first proposal is to consider the purchase of four hardware warehouses from BBC Hardware Limited. Three of these properties are located in New South Wales at Artarmon and Belrose (suburbs of Sydney) and Wollongong. The fourth property is located at Cairns in Queensland.

It is proposed that the Trust acquire these established hardware warehouse stores for a total consideration of 53.2 million dollars. In addition to the purchase consideration, transaction costs – mainly stamp duty – are estimated to amount to 2.8 million dollars.

The consideration for the properties is consistent with an independent valuation of 52.6 million dollars. It should also be noted that the properties are to be upgraded by the tenant in the near future, and that the tenant is to bear all costs of that work. This is expected to enhance the value of the properties.

The purchase will be funded by debt to be drawn down by the Trust. The Trust has sufficient borrowing capacity to fund the transaction as a result of the placement of 26.1 million units in the Trust in November 2002 which raised 34 million dollars, which reduced the Trust's gearing to about 18 per cent debt to total assets.

If the purchase of the properties is approved, the Trust's gearing would immediately increase to about 28 per cent which is consistent with the level of gearing immediately prior to the placement and is within the Trust's preferred range of 20 to 40 per cent.

Your board welcomes the opportunity to add these warehouses to the Trust's portfolio, particularly as three of the properties are located in New South Wales where the Trust's presence is relatively small.

All four properties are in good condition, a fact that has been confirmed by a thorough due diligence programme. The properties are likely to provide the Trust with income growth and capital appreciation over time.

The proposed purchase will result in a number of significant benefits to unitholders including an extended average lease expiry profile, a broader geographic spread of assets and a positive impact on earnings per unit.

The Information Memorandum to which I have referred, included a report from an independent expert, PricewaterhouseCoopers Securities Ltd, which concluded that the proposed acquisition by the Trust is fair and reasonable to unitholders not associated with the transaction.

Importantly, these warehouses are the first to be offered to the Trust following the acquisition of Howard Smith Limited by Wesfarmers in August 2001.

Since then a detailed evaluation of the 18 BBC Hardwarehouse properties included in the acquisition of Howard Smith has been progressed by Bunnings Building Supplies Pty Ltd.

Details of the four properties are contained in the Information Memorandum and Notice of Meeting.

The directors of the Responsible Entity unanimously recommend that unitholders vote in favour of the proposed resolution to purchase these four properties. We will deal with this resolution a little later in the meeting.

The second proposal for your consideration today relates to the recent placement of units to Institutional Investors.

For those of you that may not know, the offer of units to these investors did not require a prospectus under the Corporations Act for those investors to make an informed investment decision.

On 21 November 2002 the Trust issued 26.1 million units at a price of $1.29 per unit by way of a placement to Institutional Investors. Such a placement, which does not exceed an issue in excess of 10 per cent of the post issue capital base of the Trust within any 12 month period, is possible under the Trust’s Constitution - this process was approved by unitholders at the meeting held in June 2001.

The funds raised by the placement were used to repay debt in expectation of funding future acquisitions.

The placement was made at a discount of approximately three per cent to the current traded price of units in the Trust after allowance for the estimated distribution for the six months ending 31 December 2002 in which the new units will not participate. This level of discount to the market price is not unusual for such a placement.

I am aware that some small investors in the Trust may have wished to participate in the recent capital raising.

However, given that the vendor of the properties wanted to settle the transaction by 31 December 2002, and the high desirability of those properties for the Trust’s portfolio, it was the view of the directors that the best way to raise the required capital in such a short time was by way of an institutional placement.

An offer such as a rights issue to all unitholders requires preparation of a prospectus, a lengthy process, plus two to three weeks for trading in rights. This meant that funds would not have been raised until at least February 2003.

It is worth noting that in the past, the Trust has had two capital raisings by rights issue to all unitholders and now two institutional placements.

Future equity capital raising alternatives open to the Trust will include rights issues to all unitholders, the Trust’s distribution investment plan, the possible introduction of a unitholder purchase plan at some time in the future as well as placements to institutional investors.

The board will aim to determine the most appropriate way of raising future capital, satisfying the needs of all unitholders and as circumstances dictate.

The resolution to be considered today is to ratify the issue of units to Institutional Investors at an issue price of $1.29 per unit on 21 November 2002, which would enable the Trust to make another placement prior to 21 November 2003.

Directors unanimously recommend that unitholders vote in favour of resolution two. Again, we will defer voting on this resolution for just a few minutes more.

Having decided to call a meeting to approve the first two resolutions, your directors have also taken the opportunity to ask unitholders to consider a proposed change to the Trust's constitution.

This change would be such that the 10 per cent limit on the number of units that can be placed at a discount to market price in any 12 month period does not include units issued under a unitholder purchase plan.

Resolution three is proposed to amend the Constitution to allow the exemption to the 10 per cent limit in regard to a unitholder purchase plan.

For those of you that may not be aware, under a unitholder purchase plan each unitholder, irrespective of the number of units held, can be offered up to 5,000 dollars worth of units within any 12 month period. Such offers are particularly attractive to small unitholders as they must be made at a discount to market, and are free of brokerage costs. Unitholder purchase plans are regarded by the regulators as a placement and as such do not involve the costly and lengthy preparation of a prospectus. The Trust has yet to implement a unitholder purchase plan, but may do so in the future. Unitholder approval is not required to implement such a plan.

Details of this amendment to the Constitution are set out in the Information Memorandum and Notice of Meeting.

Again, Directors unanimously recommend that unitholders vote in favour of this resolution three.