



Full-year results to 30 June 2017

August 2017

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Presentation Outline

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- > 2017 full-year highlights
- > Results
- > Portfolio
- > Core portfolio
- > Alternative use properties
- > Capital management
- > Primary business objectives
- > Outlook



2017 FULL-YEAR HIGHLIGHTS

2017 Full-year highlights

\$152.5m ↑
Total revenue 1.5%

\$112.5m ↑
Dist. profit 4.2%

17.51 cpu ↑
Distribution 4.3%

\$2.74 ↑
NTA 7.0%

9.8% pa
10 yr total return

Portfolio performance

2.1%
like-for-like rental growth

5.1%
portfolio revaluation uplift

6.59%
portfolio cap rate

5.0 Years
portfolio WALE

Portfolio management

5
MRRs finalised

4.5%
MRR growth achieved

1
property divestment

99.9%
leased

Capital management

4.7%
cost of debt at 30 June 2017

9.5%
reduction in borrowing costs

2.8 years
debt duration

20.4%
gearing



RESULTS

Results – financial performance vs pcp¹

	FY2017	Previous corresponding period
Total revenue	\$152.5m	\$150.2m
Management expense ratio	0.60%	0.64%
Other expenses	\$5.9m	\$6.2m
Distributable profit (excluding revaluations)	\$112.5m	\$107.9m
Number of units on issue	642.4m	642.4m
Full-year distribution per unit	17.51 cents	16.79 cents
Total assets	\$2,312.8m	\$2,200.5m
Borrowings	\$471.1m	\$472.3m
Net tangible assets per unit	\$2.74	\$2.56
Gearing (debt to total assets)	20.4%	21.5%

¹ pcp = previous corresponding period, being the 12 months ended 30 June 2016 or as at 30 June 2016 as relevant

Results - financial performance 6 monthly

	6 months to Jun 17	6 months to Dec 16	6 months to Jun 16
Total revenue	\$76.7m	\$75.8m	\$75.5m
Management expense ratio	0.60%	0.62%	0.64%
Other expenses	\$2.9m	\$3.0m	\$3.1m
Distributable profit	\$57.0m	\$55.5m	\$54.6m
Property revaluation gains	\$93.4m	\$17.9m	\$29.1m
Net profit including property revaluations	\$150.4m	\$73.4m	\$83.7m
Number of units on issue	642.4m	642.4m	642.4m
Six month distribution (per unit)	8.88 cents	8.63 cents	8.50 cents
Total assets	\$2,312.8m	\$2,218.7m	\$2,200.5m
Borrowings	\$471.1m	\$470.4m	\$472.3m
Weighted average cost of debt ¹	4.49%	4.69%	4.95%
Net Tangible Assets (per unit)	\$2.74	\$2.60	\$2.56
NTA per unit excluding hedging liabilities	\$2.75	\$2.60	\$2.58
Weighted average cap rate	6.59%	6.77%	6.77%

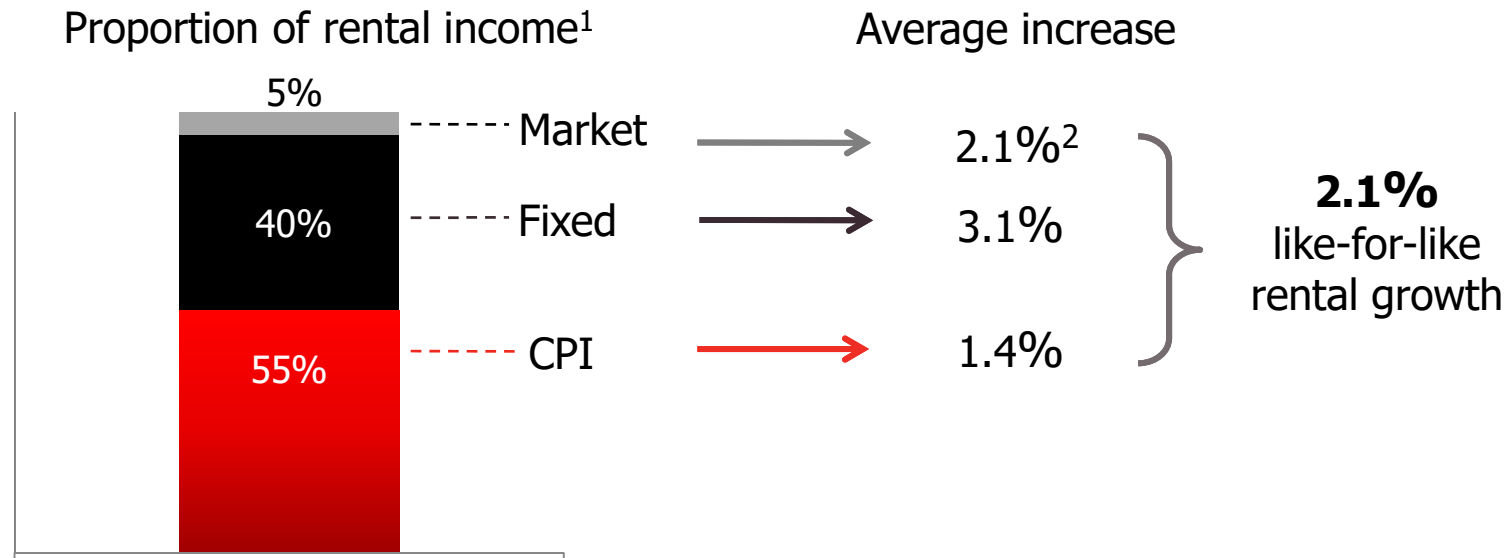
¹ Finance costs divided by average borrowings for the six months

Results - 5 year financial summary

30 June	2017	2016	2015	2014	2013
Revenue	\$152.5m	\$150.2m	\$144.9m	\$127.4m	\$109.2m
Distributable profit	\$112.5m	\$107.9m	\$101.6m	\$92.8m	\$75.8m
Total assets	\$2,312.8m	\$2,200.5m	\$2,018.0m	\$1,837.4m	\$1,398.7m
Borrowings	\$471.1m	\$472.3m	\$485.4m	\$448.3m	\$296.5m
Gearing (debt to total assets)	20.4%	21.5%	24.1%	24.4%	21.2%
Weighted average cost of debt ¹	4.6%	5.0%	5.5%	6.1%	7.3%
Weighted average cap rate	6.59%	6.77%	7.33%	7.59%	7.86%
Management expense ratio	0.60%	0.64%	0.65%	0.64%	0.62%
Total distribution per unit	17.51 cents	16.79 cents	15.84 cents	14.71 cents	14.14 cents

¹ Finance costs divided by average borrowings

Results - FY2017 like-for-like rental growth



Like-for-like rental growth

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Rental growth ³	2.8%	7.1%	2.9%	3.4%	4.0%	2.1%	4.0%	2.9%	2.4% ⁴	2.1%
CPI growth ⁵	2.3%	4.5%	1.6%	2.9%	3.4%	1.7%	2.3%	2.5%	1.6%	1.4%

¹ Subject to rounding

² Comprises four Bunnings Warehouse market rent reviews due during FY2017 out of five completed, excluding market rent reviews relating to the previous year

³ Like-for-like rental growth compares the passing rent at the end of the period to the passing rent at the end of the previous corresponding period, but excludes any properties acquired, divested, developed or upgraded during or since the previous corresponding period

⁴ Revised from 2.3% following completion of one market rent review relating to the year ending 30 June 2016 completed in the year ending 30 June 2017

⁵ Reflects the annual average like-for-like growth resulting from CPI rent reviews completed during each period

Results – FY2017 market rent review outcomes

5 Bunnings reviews resulted in a 4.5% increase, 1 from FY2016, and 4 due during the period

Property location	Customer	Passing rent (\$pa)	Reviewed rent (\$pa)	Variance	Effective date
Belmont North, NSW ¹	Bunnings	954,629	1,145,000	19.9%	5-Mar-16
Midland, WA ²	Bunnings	1,635,825	1,785,765	9.2%	5-Sep-16
Mindarie, WA ²	Bunnings	1,635,825	1,639,695	0.2%	5-Sep-16
Geraldton, WA ³	Bunnings	1,318,888	1,318,888	0.0%	10-Dec-16
Frankston, VIC ³	Bunnings	2,043,580	2,043,580	0.0%	20-Dec-16
Weighted Average				4.5%	

¹ The market rent review was due during the year ended 30 June 2016, but was determined by a independent valuer in the current financial year

² The market rent review was determined by an independent valuer

³ The market rent review was negotiated between the parties



PORTFOLIO

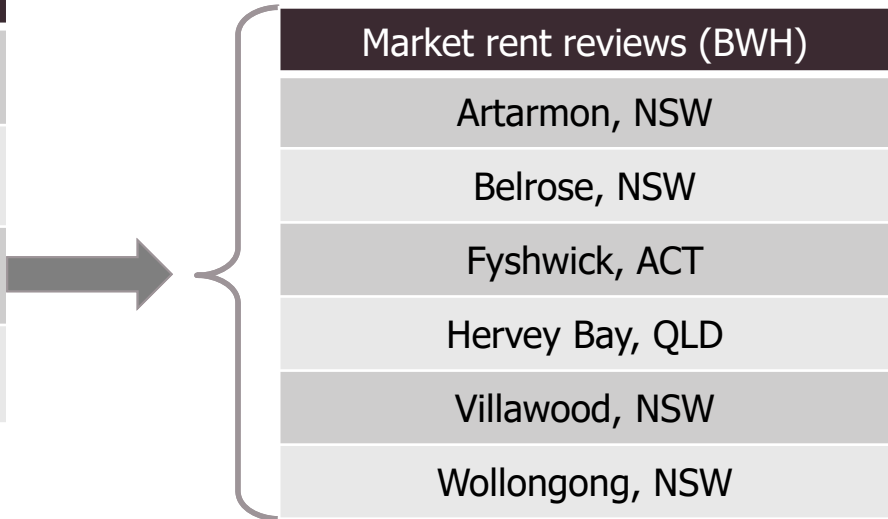
Portfolio – FY2018 rent reviews

> 3 Bunnings Warehouse market rent reviews due in FY2017¹ currently in negotiation

Rent review type FY18 (all leases)

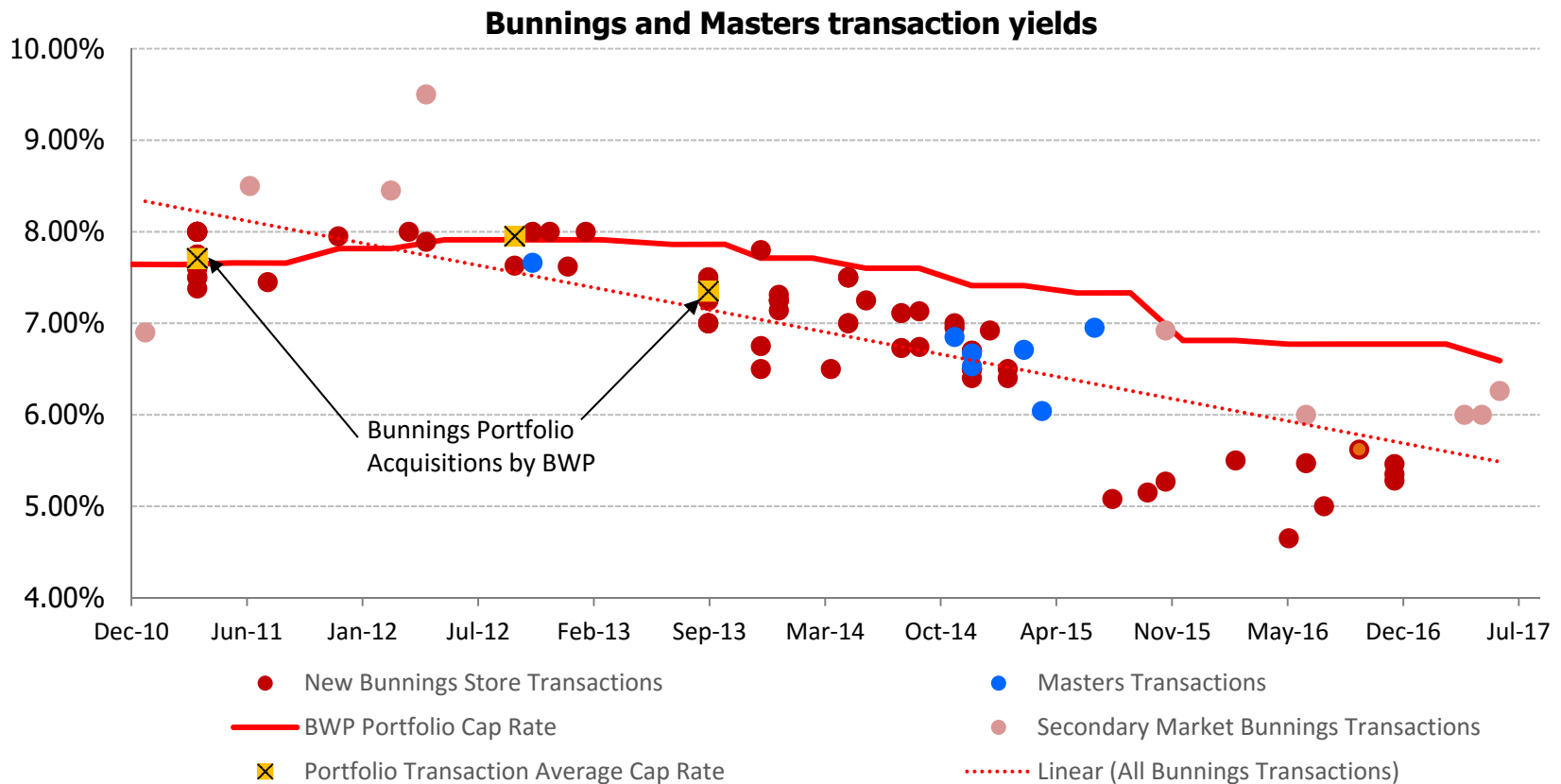
	First-half	Second-half	% of rental income ²
CPI	36	18	55%
Fixed	19	24	38%
Market	4	5	7%
Total	59	47	100%

1 Croydon VIC, Scoresby VIC and Gladstone QLD
 2 Percentage based on portfolio rental as at 30 June 2017



Portfolio – capitalisation rate trends

- > Solid transactional support for new store yields at current levels
- > Secondary market sales with short remaining term certain seeing strong capitalisation rate compression



Portfolio – June 2017 revaluation

- > June 2017 weighted average capitalisation rate 6.59% (Dec 2016: 6.77%)
 - Stand alone Bunnings Warehouses weighted average cap rate of 6.51%
 - 11 independent valuations (14% of BWP portfolio value), average cap rate 6.27%
 - 60 internal valuations, average cap rate 6.55%
- > FY2017 net fair value gain of \$111.3m on revaluation
 - Cap rate compression largely contributed to the net value gain after portfolio average cap rate decreased by 18bps for the 12 months to 30 June 2017
 - Cap rate movement; 58 properties decreased, 9 properties no change, and 13 properties increased

Revaluation by state 30 June 2017	No. of properties	Rental \$m/annum ¹	Cap rate	Value \$m
NSW/ACT	18	33.5	6.80%	497.3
QLD	20	40.0	6.39%	586.4
SA	2	3.9	6.16%	62.7
VIC	24	49.5	6.54%	761.0
WA	16	26.3	6.78%	387.2
Total/ weighted average	80	153.2	6.59%	2,294.6

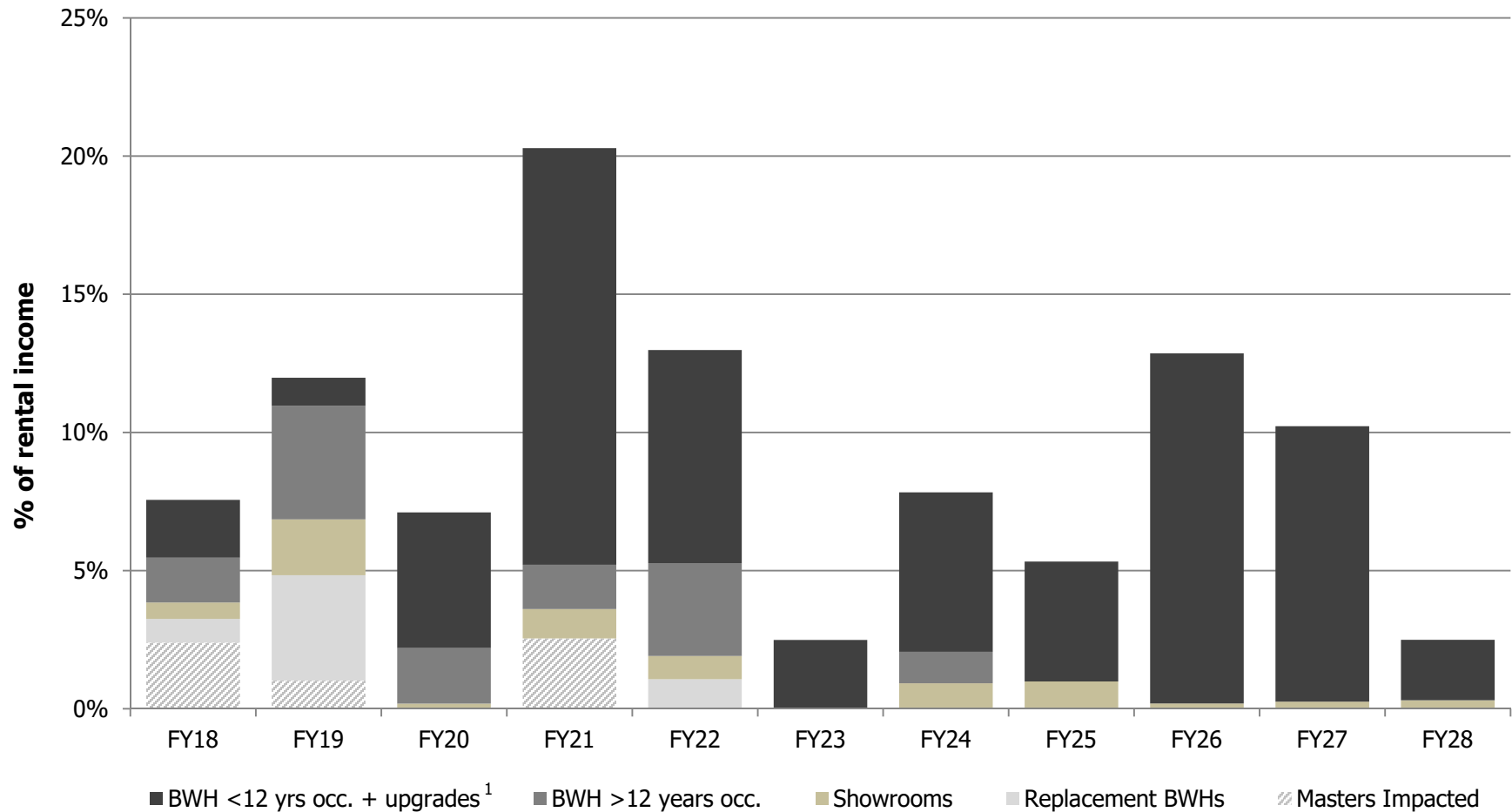
¹ Subject to rounding

Portfolio – June 2017 independent valuations

Property	State	Dec-16 Cap Rate	Dec-16 Valuation (\$m)	Jun-17 Cap Rate	Jun-17 Valuation (\$m)	Cap Rate Movement	Valuation Movement (\$m)	Jun-17 Term Certain (years)
Brendale	QLD	6.00%	33.2	5.75%	34.6	-0.25%	1.4	9.5
Fountain Gate	VIC	6.25%	26.8	6.00%	28.0	-0.25%	1.2	2.6
Hervey Bay	QLD	8.25%	14.1	7.50%	15.0	-0.75%	0.9	0.5
Maribyrnong	VIC	5.75%	45.5	5.75%	47.0	0.00%	1.5	9.6
Mile End	SA	6.00%	39.7	5.75%	42.0	-0.25%	2.3	7.7
Minchinbury	NSW	5.75%	47.9	5.50%	50.5	-0.25%	2.6	9.8
Mindarie	WA	8.00%	20.5	8.54%	19.2	0.54%	-1.3	4.2
Morayfield	QLD	6.25%	26.7	6.00%	28.4	-0.25%	1.7	7.7
Noarlunga	SA	7.50%	20.3	7.00%	20.7	-0.50%	0.4	2.3
Port Macquarie	NSW	8.75%	11.6	8.00%	12.7	-0.75%	1.1	1.4
Villawood	NSW	7.75%	21.8	7.00%	25.0	-0.75%	3.2	0.9
Total/ weighted average¹		6.53%	308.1	6.27%	323.1	-0.26%	15.0	6.0

¹ Subject to rounding

Portfolio - weighted average lease expiry profile



¹ includes both proposed and completed upgrades

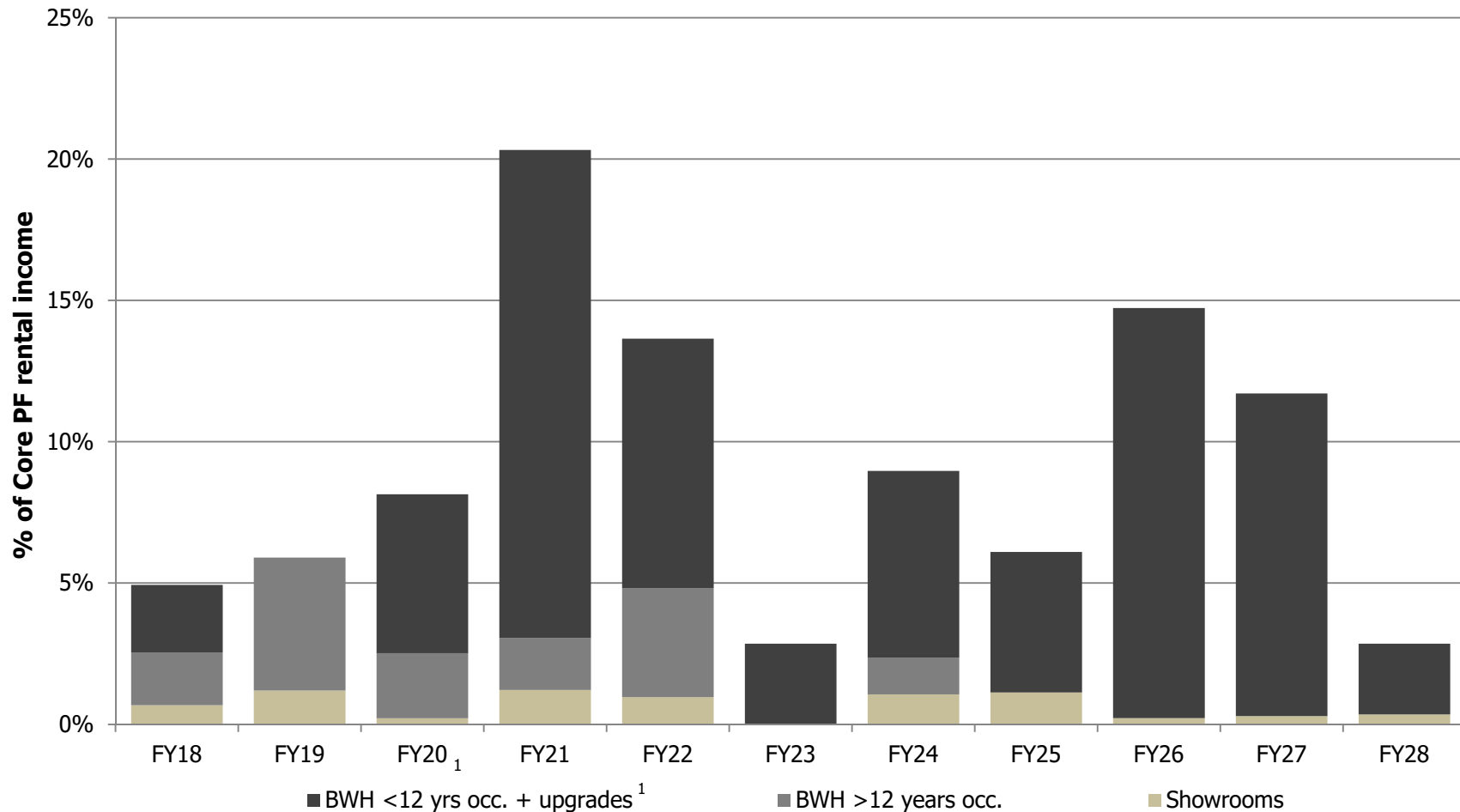


CORE PORTFOLIO

Core portfolio - summary

68 properties	5.5 Years portfolio WALE
3.3ha average land area	13,995m² average lettable area
77% upgrade properties or occupied <12yrs	78% metro located properties
40% metro located properties within 20kms of CBD	6.28% weighted average cap rate

Core portfolio - weighted average lease expiry profile



¹ includes both proposed and completed upgrades

Core portfolio – lease expiries next 3 years

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Hervey Bay	Dec 2017	2 x 5 yrs	1,252	Notification required by Sep 2017; expect option to be exercised
Fyshwick	Dec 2017	5 yrs	1,233	Notification required by Sep 2017; strong large format retail and service/ commercial precinct
Wollongong	Feb 2018	3 x 5 yrs	1,470	Notification required by Nov 2017; planning approval obtained to upgrade the store
Villawood	May 2018	5 x 5 yrs	1,739	Expansion and lease extension agreed in 2016, Bunnings since obtained planning approval for revised expansion with negotiations yet to be finalised
Underwood	Oct 2018	2 x 5 yrs	1,614	Under option for sale to a private investor, currently in due diligence
Port Macquarie	Nov 2018	2 x 5 yrs	1,014	Notification required by Aug 2018; property well located in Port Macquarie commercial area
Bayswater	Apr 2019	4 x 5 yrs	1,909	Notification required by Feb 2019; well located property, already upgraded
Browns Plains	May 2019	1 x 5 yrs	1,758	Notification required by Feb 2019; Bunnings seeking additional options with no agreement as yet; well located property near Grand Plaza sub-regional shopping centre
Thornleigh	Sep 2019	4 x 5 yrs	1,362	Notification required by Jul 2019; located within 300 metres of shopping centre and passenger train station; zoning allows mixed-use redevelopment opportunities
Noarlunga	Sep 2019	2 x 5 yrs	1,520	Notification required by Jun 2019; zoned Regional Centre
Maitland	Oct 2019	3 x 5 yrs	1,392	Notification required by Aug 2019
Albany	Oct 2019	2 x 5 yrs	870	Notification required by Jul 2019; planning application lodged for an upgrade
Bibra Lake	Oct 2019	2 x 5 yrs	1,689	Notification required by Jul 2019
Fountain Gate	Jan 2020	2 x 5 yrs	1,697	Notification required by Oct 2019; potential upgrade



ALTERNATIVE USE PROPERTIES

Bunnings Warehouse replacements

Property	Lease expiry ¹	Progress
Cairns	Feb 2018	Re-leasing campaign ongoing
Altona	Sep 2018	Option agreement with adjoining owner to acquire property
Mentone	Sep 2018	Currently sub-leased to A Mart Furniture. Re-leasing campaign underway, good interest in the site
Burleigh Heads	Oct 2018	Re-leasing/re-formatting discussions progressing
Epping	Mar 2019	Zoned mixed use, discussions progressing to reformat and re-lease, and as a longer term residential re-development opportunity
Mindarie	Sep 2021	Detailed assessment of redevelopment/ re-zoning options is progressing

¹ To the end of the current lease term

Burleigh Heads

- > Adjoins the Stockland Burleigh Shopping Centre
- > Bunnings has sub-leased to Golddoc (Commonwealth Games) who are expected to vacate in mid-2018
- > Progressing discussions with a number of national large format retailers, service station operators and a leading supermarket chain



(Above: Architectural perspectives of large format retail option considered to date which retains the existing building structure)

Burleigh Heads

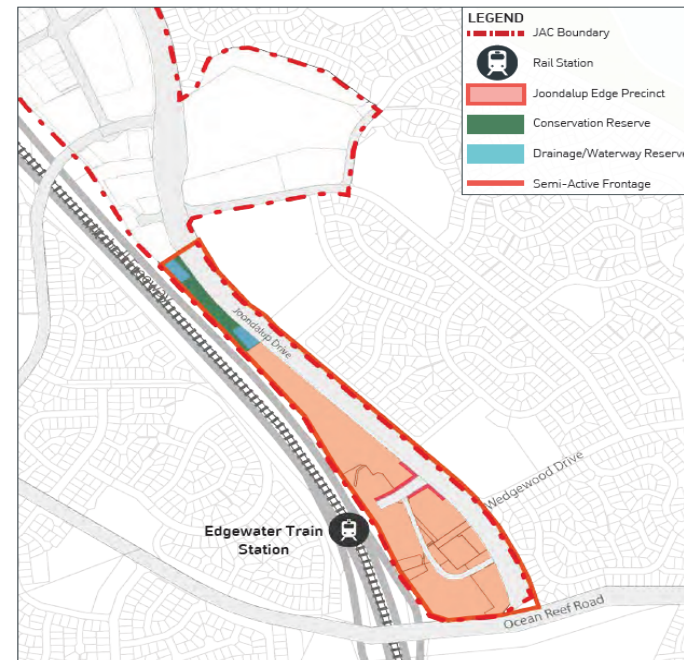
- > Demolition of existing building and construct new development option



(Above: Architectural perspectives of retail + service station option considered to date)

Higher and better use property - Joondalup

- > Leased to Automotive Holdings Group. Located within the 'Joondalup Edge' precinct in the Joondalup activity centre plan currently with the WA Department of Planning for ratification, which will allow:
 - high density residential and unrestricted building height limits;
 - a range of other uses including retail, healthcare and commercial; and
 - transit orientated development
- > Located 200 metres from Edgewater passenger train station and approximately 23 kilometres from the Perth CBD



Masters impacted stores

Property	Lease expiry ¹	Proposed alternative use/s
Dandenong	Nov 2017	Neighbourhood shopping centre development; advanced negotiations with anchor retailer subject to planning approval
Oakleigh South	Mar 2018	Large format retail, online retail distribution and business park opportunities being considered; long term residential or mixed-use potential
Mandurah	Nov 2018	Large format retail, re-leasing discussions progressing
Morley	Jul 2020	Large format retail – re-leasing discussions progressing. Medium term residential and/or mixed-use development potential
Hoxton Park	Oct 2020	Large format retail, re-leasing discussions progressing

- > Two additional sites are still subject to confidentiality, the lease expiry for the two sites is late 2017 and early 2021 respectively
- > The above is subject to finalisation of the Masters transaction by Home Consortium

¹ To the end of the current lease term

Morley

- > Located 15 kilometres from Perth CBD opposite Galleria Regional Shopping Centre
- > Galleria Shopping Centre planning approval for \$350 million redevelopment (Vicinity/Perron owned), likely to add value to surrounding properties and increase occupier demand in the area
- > Planning scheme promotes a greater range and flexibility to land uses including retail, residential (unrestricted building height), offices and healthcare
- > Considering re-leasing or redevelopment options given well-located, gentrifying location makes future mixed-use and residential development more likely

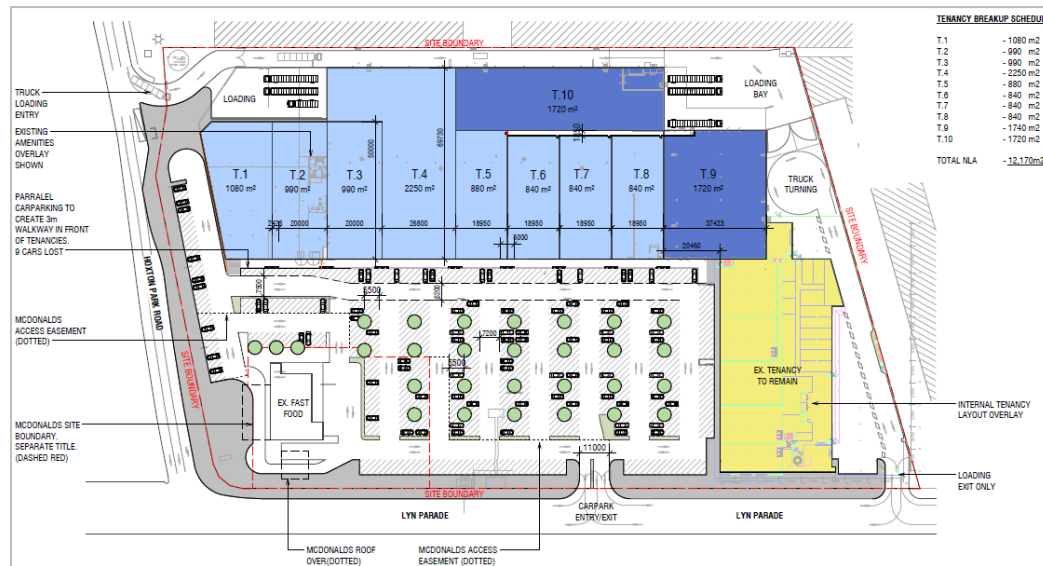


Hoxton Park

- > Located 41 kilometres from Sydney CBD
- > Hoxton Park identified as an attractive large format retail precinct for retailers due to growth of Western Sydney
- > Re-configuration design will result in a flexible large format retail tenancy layout
- > Leasing campaign underway with discussions progressing with a number of potential occupiers to join existing tenants



Hoxton Park





CAPITAL MANAGEMENT

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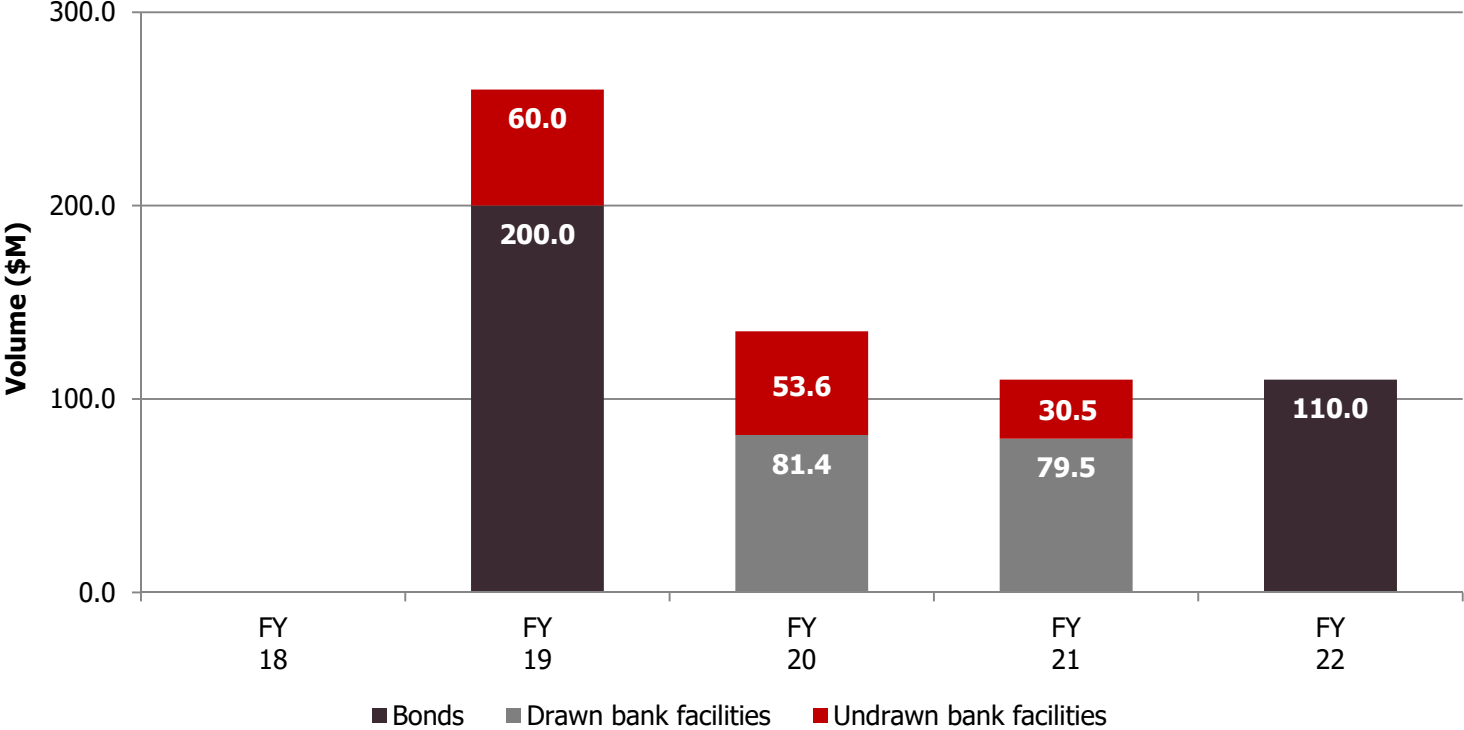
Capital management – debt facilities

- > Average borrowings for the year \$479.1m (down 0.9% on previous year)
 - 4.6% weighted average cost of debt after hedging (2016: 5.0%)
 - Borrowing costs for the year \$22.0m (down 9.5% on pcp)
- > All bank facilities can be extended a further year each year, subject to agreement
- > Cost of debt at 30 June 2017: 4.7%
- > Interest cover: 6.3x at 30 June 2017 (2016: 5.6x)
- > Gearing: 20.4% at 30 June 2017 (2016: 21.5%)
- > A- /Stable / - S&P rating maintained

As at 30 June 2017	Limit (\$m)	Drawn (\$m)	Expiry
ANZ	60	-	1 July 2018
CBA	110	80	31 July 2020
WBC	135	81	30 April 2020
Corporate bond	200	200	27 May 2019
Corporate bond	110	110	11 May 2022
Total/ Weighted average	615	471	2.8 years

Capital management- debt duration

Debt maturity profile



Capital management – interest rate hedging

Hedge book profile by half-year ending:	Jun 17	Dec 17	Jun 18	Dec 18	Jun 19	Dec 19
Active swaps (\$m)	140	128	88	58	98	98
Swap rates (%)						
Maximum	5.54	5.54	5.54	4.92	4.92	4.92
Minimum	2.39	2.39	2.39	2.39	2.39	2.39
Weighted average (%) ¹	4.05	4.16	4.09	3.39	3.07	3.07

¹ Weighted average at balance of active swaps

- > Including fixed rate corporate bonds:
 - \$450.0m hedged at 2.91%² weighted average to maturity, at 30 June 2017

² excludes margins payable on the fixed corporate bonds



 PRIMARY BUSINESS OBJECTIVES

Primary Business Objectives

- > Secure and growing income stream
- > Long term capital growth
- > Strong customer alignment



Investment themes

- > Large format retailing property ownership - home Improvement/ Bunnings focus
- > Sustainable portfolio returns supported by balance sheet flexibility
- > Property location attributes



Drivers of returns

 **GROWTH**

- > Annual rental growth
- > Well priced acquisitions & re-investment
- > Cost of funding

 **SECURITY OF INCOME**

- > Wesfarmers covenant
- > Duration of occupancy
- > Predictable operating expenditure



Long term value creation

-  Pro-active management of existing properties
-  Portfolio growth
-  Effective management of the Trust and its capital



OUTLOOK

Outlook

> **Macro economic environment:**

- Demand for Bunnings Warehouse properties expected to remain strong, while capital continues to flow into the Australian property sector. The direction of cap rates will be a function of direction of interest rates

> **Rental growth:**

- 54 CPI/ 43 fixed rent reviews in FY2018
- 6 Bunnings MRRs to be finalised this financial year (plus 3 from FY2017)

> **Investment:**

- Strong focus on achieving good outcomes on alternative use sites
- Will progress opportunities to re-invest in existing portfolio and re-zonings
- Portfolio growth opportunities will be influenced by market valuations

> **FY2018 distribution:**

- For FY2018, the Trust expects further rental growth from its core Bunnings warehouse property portfolio, but at the same time may be transitioning up to four Bunnings Warehouse stores to alternative uses, which may require different lease terms, rent free periods and capital expenditure to re-position the properties. While there could be a reduction in rental income for some of the impacted properties, we expect to at least maintain distributions equivalent to that paid for the year ended 30 June 2017 during this period. Capital profits could be utilised to support distributions if required.

Further information

bwptrust.com.au

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Appendix A: weighted average lease expiry table

Year	Year End	Total Lease Expiries	Total Rental Income (\$)	Rental Income (% of Total)	Bunnings (%)	Showrooms (%)
1	30-Jun-18	9	11,584,767	7.6%	7.0%	0.6%
2	30-Jun-19	14	16,794,357	11.0%	8.9%	2.0%
3	30-Jun-20	8	10,888,846	7.1%	6.9%	0.2%
4	30-Jun-21	22	31,085,235	20.3%	19.2%	1.1%
5	30-Jun-22	15	19,889,749	13.0%	12.1%	0.8%
6	30-Jun-23	2	3,817,403	2.5%	2.5%	0.0%
7	30-Jun-24	9	11,798,805	7.7%	6.8%	0.9%
8	30-Jun-25	9	8,159,034	5.3%	4.3%	1.0%
9	30-Jun-26	10	19,699,489	12.9%	12.7%	0.2%
10	30-Jun-27	8	15,662,093	10.2%	10.0%	0.3%
11	30-Jun-28	3	3,820,550	2.5%	2.2%	0.3%
TOTAL		109	153,200,329	100.0%	92.6%	7.4%

Note: table subject to rounding

Appendix B – future rent reviews and revaluations

Future market rent reviews for Bunnings Warehouses (“BWH”) and revaluations

	FY2018	FY2019	FY2020	FY2021	FY2022
BWH market reviews	6	8	11	15	8
% of total ¹	6%	10%	12%	17%	9%
Independent valuations	23	24	34	23	24
% of total ²	28%	30%	41%	28%	30%

¹ Percentages based on portfolio annual rent as at 30 June 2017

² Percentages based on fair value of the portfolio as at 30 June 2017