

# **FULL-YEAR RESULTS TO 30 JUNE 2022**

August 2022

# IMPORTANT NOTICE

The information provided in this presentation should be considered together with the financial statements for the period and previous periods, ASX announcements and other information available on the Trust's website.

This presentation has been prepared by BWP Management Limited as the responsible entity for BWP Trust. The information provided is for information purposes only and does not constitute an offer to arrange to issue securities or other financial products, nor is it intended to constitute legal, tax or accounting advice or opinion. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

All reasonable care has been taken in preparing the information contained in this presentation, however no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Without limiting the preceding sentence, no representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forward-looking statements, forecasts, prospects or returns contained in this presentation. Such forward-looking statements, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of BWP Trust or BWP Management Limited. Also, past performance is no guarantee of future performance.

Before making an investment decision, you should conduct your own due diligence and consult with your own legal, tax or accounting adviser as to the accuracy and application of the information provided in this presentation and in respect of your particular investment needs, objectives and financial circumstances.

# PRESENTATION OUTLINE

## **Michael Wedgwood**

Managing Director  
BWP Management Limited

## **Andrew Ross**

Head of Property  
BWP Management Limited

## **David Hawkins**

Finance Manager  
BWP Management Limited

**Summary**  
slides 4-6

**Results**  
slides 7-10

**Portfolio**  
slides 11-16

**Core portfolio**  
slides 17-22

**Alternative use properties**  
slides 23-24

**Capital management**  
slides 25-27

**Outlook**  
slides 28-29

**Questions**  
slide 30

# SUMMARY



# 2022 FULL-YEAR RESULTS AT A GLANCE

<b>\$153.3m ▲</b> Total income 0.7% <sup>1</sup>		<b>\$117.5m</b> Dist. Amount		<b>18.29 cpu</b> Ordinary distribution		<b>\$3.87 ▲</b> NTA 17.6% <sup>1</sup>		<b>13.5% pa</b> 10 yr total return	
<b>PORTFOLIO PERFORMANCE</b>			<b>PORTFOLIO MANAGEMENT</b>			<b>CAPITAL MANAGEMENT</b>			
<b>3.3%</b> like-for-like rental growth			<b>14</b> MRRs finalised <sup>3</sup>			<b>A- S&amp;P Rating</b> <b>A3 Moody's rating</b>			
<b>\$371.9 million<sup>2</sup></b> portfolio revaluation uplift			<b>7</b> Bunnings Warehouse options exercised			<b>15.1%</b> gearing			
<b>5.04%</b> portfolio cap rate			<b>97.5%</b> leased			Debt facilities of \$135 million extended for further three years and \$110 million extended for further two years			
<b>3.9 years</b> portfolio weighted average lease expiry ("WALE")			<b>Net Scope 2 emissions was zero tonnes CO<sub>2</sub>e<sup>4</sup></b>			<b>2.7%</b> cost of debt at 30 June 2022, 3.0% weighted average for the year			

<sup>1</sup> In comparison to prior corresponding period ("PCP").

<sup>2</sup> Gross \$373.6 million revaluation gain before straight-lining of rent.

<sup>3</sup> Includes 10 Bunnings Warehouse properties.

<sup>4</sup> Takes into account green electricity usage and Australian Carbon Credit Units acquitted. Prepared in accordance with the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol.

# CLIMATE RISK AND SUSTAINABILITY PROGRESS

- > Net-zero Scope 2 emissions for year ended 30 June 2022
  - Purchased green electricity for seven properties where the Trust is responsible for some electricity usage and reduced emissions to 120 tonnes CO<sub>2</sub>e (177 tonnes pcp)
  - Acquired 500 Australian Carbon Credit Units to offset these and some future emissions
  - Completed external assurance of emissions inventory
- > Avoided an extra 392 tonnes of CO<sub>2</sub>e as a result of solar generation at properties where the Trust has some responsibility for electricity usage
- > Five air conditioning units replaced to phase out ozone depleting refrigerant models. New non-ozone depleting refrigerants retrofitted into six larger air conditioning systems
- > 99 per cent of properties have LED lighting in one or more carpark, nursery trading area, canopy trading area, or in the main store
- > Solar is installed at 23 properties, including one with a Tesla battery to collect surplus energy
- > 92 per cent of properties have tanks in place for recycling roof collected rainwater

# RESULTS



# 2022 FINANCIAL PERFORMANCE VS PCP

	FY22	PCP <sup>1</sup>
Total revenue (\$m)	153.3	152.2
Management expense ratio <sup>2</sup> (%)	0.64	0.63
Other expenses (\$m)	8.7	8.6
Net profit <sup>3</sup> (excluding revaluations) (\$m)	114.7	114.0
Number of units on issue (m)	642.4	642.4
Full-year ordinary distribution (cents per unit)	18.29	18.29
Total assets (\$m)	3,021.9	2,674.6
Borrowings (\$m)	455.6	474.7
Net tangible assets (\$ per unit)	3.87	3.29
Gearing (debt to total assets) (%)	15.1	17.7

<sup>1</sup> PCP: prior corresponding period, being the 12 months ended 30 June 2021 or as at 30 June 2021 as relevant.

<sup>2</sup> Expenses other than property outgoings and borrowings as a percentage of average total assets.

<sup>3</sup> Excludes any capital profits released.



# 2022 FINANCIAL PERFORMANCE

## SIX MONTHLY

	6 months to Jun 2022	6 months to Dec 2021	6 months to Jun 2021
Total revenue (\$m)	77.4	75.9	76.1
Management expense ratio <sup>1</sup> (%)	0.64	0.63	0.63
Other expenses (\$m)	4.4	4.3	4.3
Distributable amount (\$m)	59.6	57.9	59.6
Property revaluation gains <sup>2</sup> (\$m)	80.1	291.8	62.1
Net profit including property revaluations (\$m)	138.4	348.3	119.2
Number of units on issue <sup>3</sup> (m)	642.4	642.4	642.4
Six months distribution (cents per unit)	9.27	9.02	9.27
Total assets <sup>3</sup> (\$m)	3,021.9	2,939.6	2,674.6
Borrowings <sup>3</sup> (\$m)	455.6	455.5	474.7
Weighted average cost of debt <sup>4</sup> (pa) (%)	2.74	3.18	3.12
Net tangible assets <sup>3</sup> (\$ per unit)	3.87	3.75	3.29
Weighted average cap rate <sup>3</sup> (%)	5.04	5.11	5.65

<sup>1</sup> Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

<sup>2</sup> After adjustments made for the straight-lining of rent.

<sup>3</sup> As at the respective period end rather than for six months to.

<sup>4</sup> Finance costs divided by average borrowings for the six months.

# 2022 FINANCIAL PERFORMANCE

## FIVE YEAR PERFORMANCE

	FY22	FY21	FY20	FY19	FY18
Revenue (\$m)	153.3	152.2	155.8	156.3	153.4
Distributable profit <sup>1</sup> (\$m)	117.5	117.5	117.5	116.4	114.4
Total assets (\$m)	3,021.9	2,674.6	2,552.6	2,382.3	2,369.5
Borrowings (\$m)	455.6	474.7	503.2	412.7	457.6
Gearing (debt to total assets) (%)	15.1	17.7	19.7	17.3	19.3
Weighted average cost of debt <sup>2</sup> (%)	3.0	3.1	3.4	4.3	4.6
Weighted average cap rate (%)	5.04	5.65	6.08	6.30	6.48
Management expense ratio <sup>3</sup> (%)	0.64	0.63	0.64	0.62	0.60
Total ordinary distribution (cents per unit)	18.29	18.29	18.29	18.11	17.81

<sup>1</sup> Includes any capital profits released relating to ordinary distributions (FY2022: \$2.8 million, FY2021: \$3.5 million; FY2020: \$0.4 million; FY2019: \$0.5 million; FY2018: \$1.2 million).

<sup>2</sup> Finance costs divided by average borrowings.

<sup>3</sup> Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

# PORTFOLIO



# BUNNINGS MARKET RENT REVIEW OUTCOMES

- > Annual like-for-like rental growth across the portfolio of 3.3 per cent
- > 10 Bunnings market rent reviews were finalised during the year

Property Location	Passing rent (\$pa)	Reviewed rent (\$pa)	Variance (%)	Effective date
Fountain Gate, VIC <sup>1,2</sup>	1,760,103	1,770,000	0.6	1-Feb-20
Nunawading, VIC <sup>1,2</sup>	2,493,480	2,500,000	0.3	11-Feb-20
Mt Gravatt, QLD <sup>2,3</sup>	1,406,886	1,368,000	(2.8)	17-Dec-20
Broadmeadows, VIC <sup>2,3</sup>	2,040,870	2,160,000	5.8	4-Jan-21
Belmont, WA <sup>2,3</sup>	1,630,966	1,493,000	(8.5)	31-Mar-21
Cockburn, WA <sup>2,3</sup>	1,826,682	1,776,000	(2.8)	31-Mar-21
Fairfield Waters, QLD <sup>3,4</sup>	1,813,635	1,750,000	(3.5)	31-Mar-21
Smithfield, QLD <sup>3,4</sup>	1,696,205	1,650,000	(2.7)	18-May-21
Harrisdale, WA <sup>2</sup>	1,799,949	1,937,000	7.6	7-Oct-21
Gladstone, QLD <sup>2</sup>	1,386,125	1,594,044	15.0	16-Feb-22
<b>Total/ Weighted Average</b>	<b>17,854,902</b>	<b>17,998,044</b>	<b>0.8</b>	

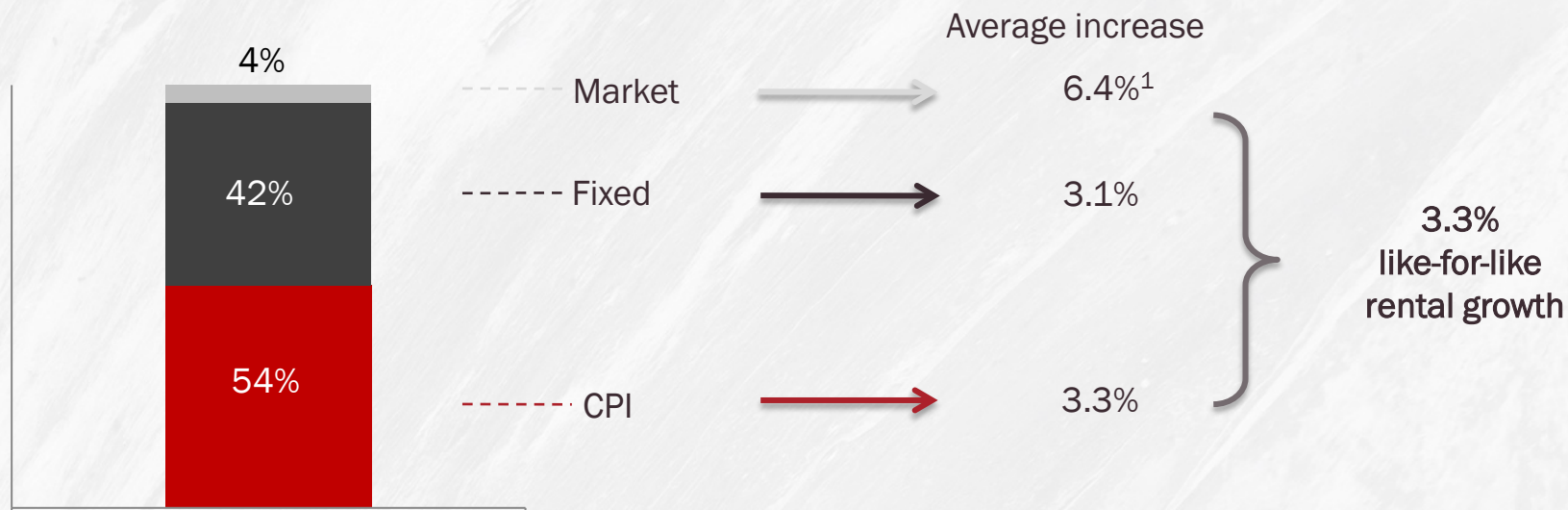
<sup>1</sup> The market rent review was due during the year ended 30 June 2020, but the outcome was only finalised during the current financial year.

<sup>2</sup> The market rent review was determined by an independent valuer.

<sup>3</sup> The market rent review was due during the year ended 30 June 2021, but the outcome was only finalised during the current financial year.

<sup>4</sup> The market rent review was agreed between parties.

# LIKE-FOR-LIKE RENTAL GROWTH FY2022



Year ended 30 June (%)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rental growth <sup>2</sup>	3.3	1.2 <sup>3</sup>	2.1	2.3	2.5	2.1	2.4	2.9	4.0	2.1
CPI Growth <sup>4</sup>	3.3	0.5	1.6	2.0	2.0	1.4	1.6	2.5	2.3	1.7

<sup>1</sup> All finalised market rent reviews relating to the year ending 30 June 2022.

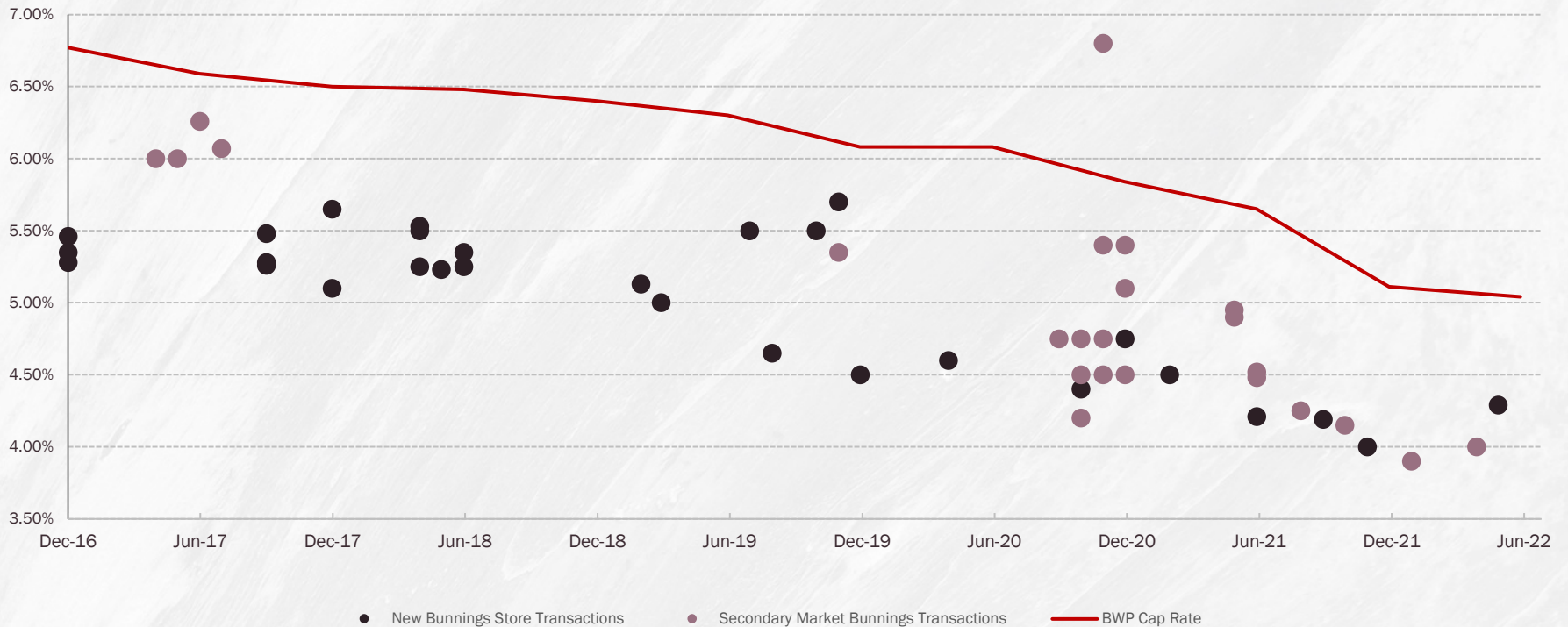
<sup>2</sup> Like-for-like rental growth compares the passing rent at the end of the period to the passing rent at the end of the previous corresponding period, but excludes any properties acquired, divested, vacated, developed or upgraded during or since the previous corresponding period.

<sup>3</sup> Amended from 1.6 per cent to take into account market rent reviews finalised post year-end.

<sup>4</sup> Reflects the annual average like-for-like growth resulting from CPI rent reviews completed during each period.

# CAPITALISATION RATE OUTCOMES

> Three Bunnings Warehouse transactions in the last six months, the most recent a regional store on a cap rate of 4.29 per cent



# REVALUATIONS

## JUNE 2022

- > June 2022 weighted average capitalisation rate 5.04 per cent (Dec 2021: 5.11 per cent)
  - 14 independent valuations (20 per cent of BWP portfolio value), average cap rate 4.92 per cent
  - 59 internal valuations average cap rate 5.07 per cent
  - Stand alone Bunnings Warehouses weighted average cap rate of 4.83 per cent
  - Cap rate movement; 22 properties decreased, 47 properties no change and four properties increased
- > FY2022 gross fair value gain of \$373.6<sup>1</sup> million on revaluation
  - Rental growth and cap rate compression contributed to the net fair value gain during the period

Revaluations by state 30 June 2022	No. of properties	Rental \$m/annum <sup>2</sup>	Cap rate (%)	Value (\$m)
NSW/ACT	18	37,388	4.99	740.0
QLD	18	40,767	5.15	737.0
SA	2	4,362	5.18	84.1
VIC	20	48,559	4.70	1,012.1
WA	15	22,231	5.69	428.0
<b>Total/ weighted average</b>	<b>73</b>	<b>153,308</b>	<b>5.04</b>	<b>3,001.2</b>

<sup>1</sup> Gross movement in valuations; statutory accounts reflect a \$371.9 million revaluation gain after adjustments made for straight-lining of rent.

<sup>2</sup> Subject to rounding.

# INDEPENDENT REVALUATIONS

## JUNE 2022

Property	State	Dec 2021 Cap Rate (%)	Dec 2021 Valuation (\$m)	Jun 2022 Cap Rate (%)	Jun 2022 Valuation (\$m)	Cap rate movement (%)	Valuation movement (\$m)	Jun 2022 Term Certain (years)
Albany	WA	13.97	8.5	13.51	8.7	(0.46)	0.2	2.3
Arundel	QLD	4.75	51.1	4.50	52.5	(0.25)	1.4	3.2
Bethania	QLD	5.25	40.2	5.00	42.0	(0.25)	1.8	3.2
Bibra Lake	WA	5.25	32.9	5.00	34.6	(0.25)	1.7	2.3
Broadmeadows	VIC	4.25	48.0	4.25	52.4	-	4.4	8.5
Frankston	VIC	5.25	41.3	4.75	45.6	(0.50)	4.3	4.5
Geraldton	WA	6.00	22.5	5.75	23.5	(0.25)	1.0	4.5
Manly West	QLD	5.00	48.8	5.00	48.8	-	-	4.2
North Lakes	QLD	4.50	65.2	4.50	65.0	-	(0.2)	3.3
Rydalmere	NSW	4.25	81.1	4.00	89.0	(0.25)	7.9	3.7
Springvale	VIC	4.75	49.3	4.50	52.0	(0.25)	2.7	3.5
Sunbury	VIC	5.00	40.9	4.75	44.2	(0.25)	3.3	4.0
Thornleigh	NSW	4.75	30.8	4.75	31.0	-	0.2	2.2
Wagga Wagga	NSW	10.00	13.0	13.42	12.0	3.42	(1.0)	3.8
<b>Total/ average<sup>1</sup></b>		<b>5.05</b>	<b>573.6</b>	<b>4.92</b>	<b>601.3</b>	<b>(0.14)</b>	<b>27.7</b>	<b>3.9</b>

<sup>1</sup> Subject to. Rounding.



# CORE PORTFOLIO



# CORE PORTFOLIO SUMMARY

65  
properties

4.0 years  
portfolio WALE

3.2 ha  
average land  
area

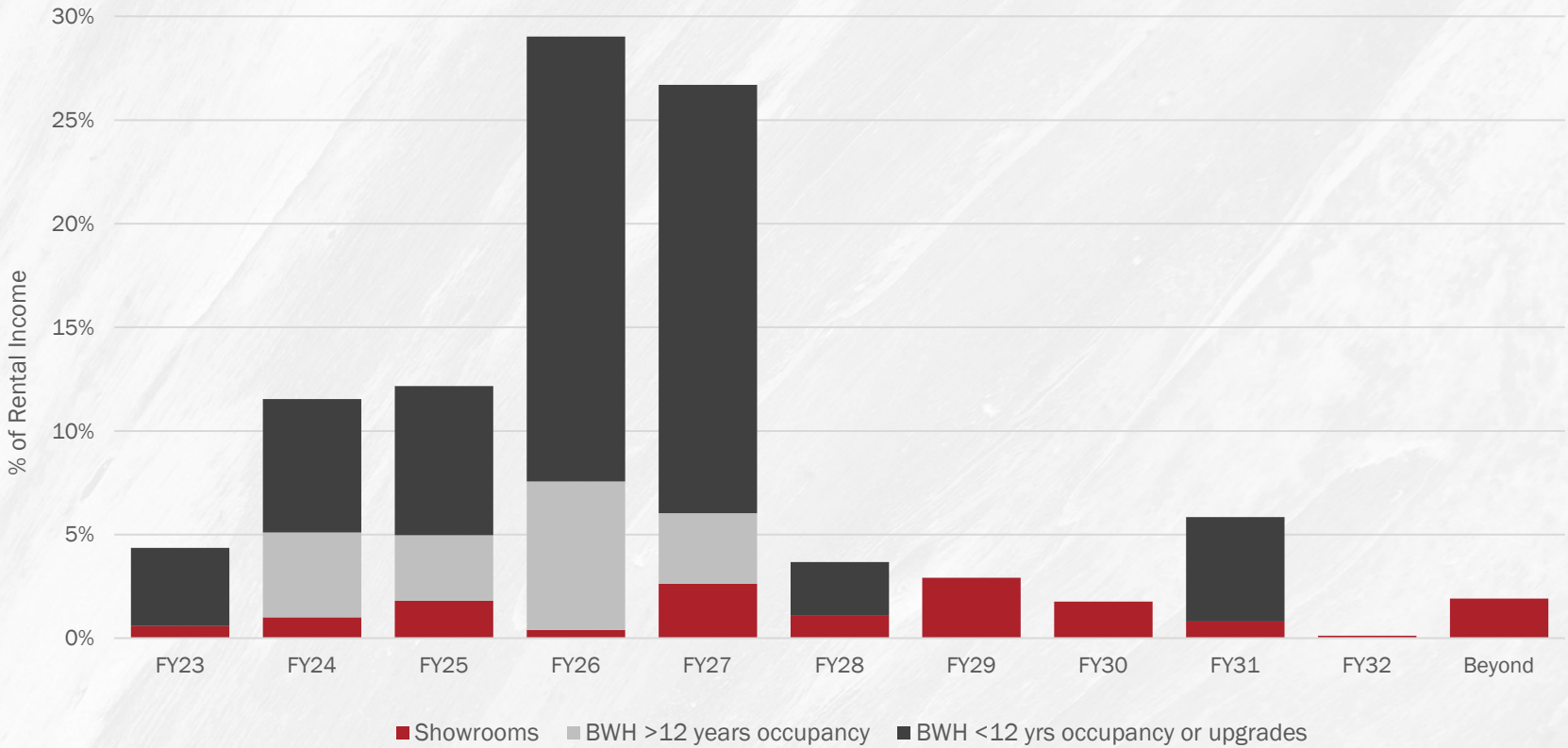
13,939 m<sup>2</sup>  
average lettable  
area

83%  
metro located  
properties

67.2%  
upgrade  
properties or  
occupied <12yrs

4.91%  
weighted  
average cap rate

# WEIGHTED AVERAGE LEASE EXPIRY PROFILE



# BUNNINGS LEASE EXPIRIES NEXT THREE YEARS

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Artarmon	Feb 2023	3 x 5 yrs	1,760	Notification required by Nov 2022
Belrose	Feb 2023	3 x 5 yrs	2,174	Notification required by Nov 2022
Wollongong	Feb 2023	2 x 5 yrs	1,501	Notification required by Nov 2022
Balcatta	Sep 2023	10 yrs	2,334	Notification required by Jun 2023
Southport	Nov 2023	10 yrs	1,840	Notification required by Aug 2023
Tuggeranong	Nov 2023	10 yrs	1,898	Notification required by Sep 2023
Bayswater	Apr 2024	3 x 5 yrs	2,145	Notification required by Jan 2024
Browns Plains	May 2024	Nil	1,928	Ongoing discussions for a new lease
Wallsend	May 2024	5 x 5 yrs	2,355	Notification required by Nov 2024
Thornleigh	Sep 2024	2 x 5 yrs	1,463	Notification required by Jun 2024
Noarlunga	Sep 2024	1 x 5 yrs	1,707	Notification required by Jun 2024
Maitland	Oct 2024	2 x 5 yrs	1,496	Notification required by Jul 2024
Bibra Lake	Oct 2024	1 x 5 yrs	1,729	Notification required by Jul 2024
Fyshwick	Dec 2024	1 x 5 yrs	1,347	Notification required by Sep 2024
Nunawading	Feb 2025	10 yrs	2,593	Notification required by Nov 2024
Mile End	Mar 2025	10 yrs	2,654	Notification required by Dec 2024
Morayfield	Mar 2025	10 yrs	1,963	Notification required by Dec 2024

# BUNNINGS UPGRADE

## LISMORE, NEW SOUTH WALES

- > Upgrade cost of \$12.8 million at a funding rate of 4.0 per cent
  - Land acquisition \$1.5 million
  - Development \$11.3 million
- > Upgrade increases the total retail area by 2,891 square metres
- > Anticipated completion mid-2023
- > On completion, new 10-year lease with 6 x 5 year options exercisable by Bunnings
  - Annual CPI reviews capped at 2.5 per cent, market rent review every 10 years
  - 10 per cent caps/collars on the market rent review
  - No other changes to the existing lease

# BUNNINGS UPGRADE COBURG, VICTORIA

- > Upgrade cost increase of \$1.0 million, now \$3.5 million at a funding rate of 4.0 per cent
- > Upgrade increases the total retail area by 918 square metres
- > Anticipated completion early 2023
- > On completion, new 10-year lease with 6 x 5 year options exercisable by Bunnings
  - Annual CPI reviews capped at 2.5 per cent, market rent review every 10 years
  - 10 per cent caps/collars on the market rent review
  - No other changes to the existing lease

# ALTERNATIVE USE PROPERTIES



# ALTERNATIVE USE PROPERTIES UPDATE

Property	Lease expiry	Comments
Port Kennedy	Expired	Leasing campaign underway for large format retail redevelopment – 81 per cent leased or committed to lease
Belmont North	Aug 2022	Site leased up to August 2022 for mass vaccination hub; property recently rezoned to allow for a supermarket and other retail shops, leasing discussions are progressing, we expect to lodge a development application in FY2023
Morley	Aug 2022	Temporary lease to Australian Electoral Commission expiring in August 2022; leasing campaign underway for a mixed-use development
Hervey Bay	Dec 2022	Leasing campaign underway for large format retail redevelopment – 90 per cent leased or committed to lease
Albany	Oct 2024	ToolKit Depot store trading in ex-Bunnings; considering redevelopment/divestment options
Fountain Gate	Feb 2025	Well located opposite a Westfield shopping centre. Activity centre zoned site allowing mixed use development – master planning progressing
Northland	Aug 2025	Progressing redevelopment/rezoning options
Wagga Wagga	Mar 2026	Considering redevelopment options



# CAPITAL MANAGEMENT



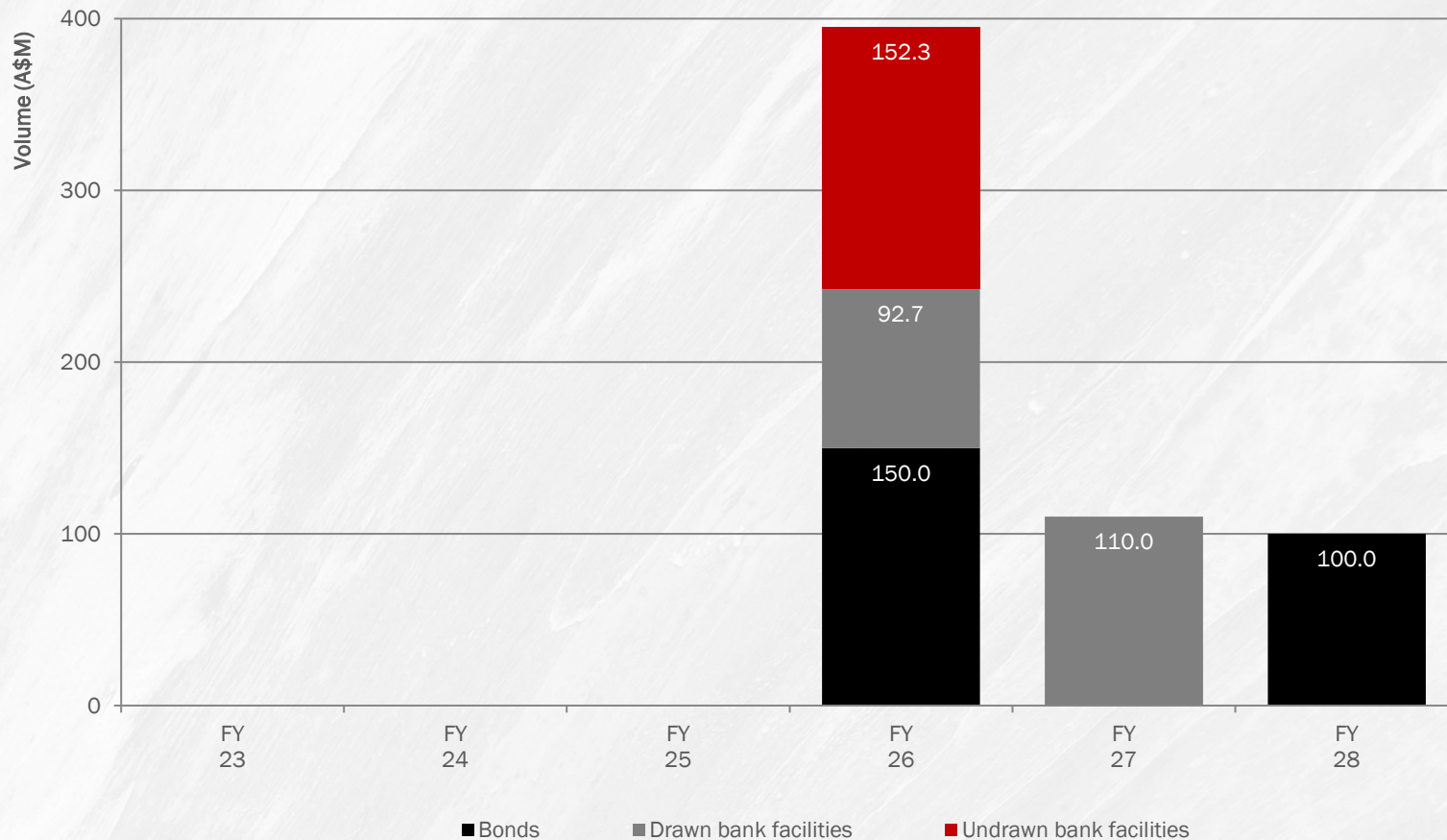
# DEBT FACILITIES

- > Average borrowings for the year \$465.0 million (down 2.5 per cent on prior corresponding period)
  - 3.0 per cent per annum weighted average cost of debt after hedging (2021: 3.1 per cent per annum)
  - Borrowing costs for the year \$13.8 million (down 7.9 per cent on prior corresponding period)
- > Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement. CBA facility was extended for a further two years and WBC facility was extended for a further three years during the reporting period
- > As at 30 June 2022:
  - Hedging cover: 55.2 per cent
    - Weighted average rate on duration of 1.4 per cent
    - Weighted average term to maturity 4.6 years
  - Interest cover: 9.6 times (2021: 8.8 times)
  - Gearing: 15.1 per cent (2021: 17.7 per cent)
- > A- / Stable S&P rating and A3 Moody's rating

As at 30 June 2022	Limit (\$m)	Drawn (\$m)	Expiry
CBA	110	46	31 Jul 2025
SMBC	110	110	15 Mar 2027
WBC	135	47	30 Apr 2026
Corporate bonds – seven-year	150	150	10 Apr 2026
Corporate bonds – seven-year	100	100	24 Mar 2028
<b>Total/ <i>weighted average</i></b>	<b>605</b>	<b>453</b>	<b>4.2 years</b>

# DEBT DURATION

## DEBT MATURITY PROFILE AS AT 30 JUNE 2022



# OUTLOOK



# OUTLOOK

## Operating environment

- > The Trust remains well positioned operationally with the significant majority of rental income from Bunnings and other national large format retailers which have been trading well
- > Demand for Bunnings Warehouse properties is expected to remain relatively stable in the near term given the strength of the Bunnings covenant

## Rental growth

- > 52 CPI (1HY FY2023 - 29) rent reviews in FY2023
- > 53 fixed (1HY FY2023 - 30 ) rent reviews in FY2023
- > Three Bunnings MRR's to be finalised in FY2023 (in addition to five unresolved from FY2021 and six unresolved from FY2022)

## Portfolio

- > Primary focus for the current financial year is on leasing vacancies in the portfolio, progressing store upgrades, and extending existing leases with Bunnings through the exercise of options
- > The Trust will continue to look for opportunities to grow the portfolio that create value for the Trust

## FY2023 distribution

- > Subject to there being no major COVID-19 or other disruption of the Australian economy, the Trust could expect the distribution for the year ending 30 June 2023 to be similar to the ordinary distribution paid for the year ended 30 June 2022. Capital profits may be utilised to support the distribution

# QUESTIONS?

# FURTHER INFORMATION

Responsible entity:

BWP Management Limited

Tel: +61 8 9327 4356

Email: [investorrelations@bwptrust.com.au](mailto:investorrelations@bwptrust.com.au)