

Half-year results to 31 December 2023

February 2024



BWPP
TRUST

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and their continuing connection to lands and waterways upon which we depend. We pay our respects to their Elders, past and present.

Presentation outline

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Summary
slides 5 - 7

Results
slides 8 - 10

Optimise existing portfolio
slides 11 - 16

Core portfolio
slides 17 - 21

Portfolio growth
slides 22 - 25

Alternative use properties
slides 26 - 27

Portfolio renewal
slides 28 - 29

Capital management
slides 30 - 32

Outlook
slides 33 - 35

Questions
slide 36

Further information
slide 37

Summary



BUNNINGS WAREHOUSE AND HOMEMAKER CENTRE BROADMEADOWS, VIC

NOTE: THE SHADED AREA INDICATES AREA ACQUIRED IN SEPTEMBER 2023

2023/24 Half-year results

HIGHLIGHTS

Value-adding acquisitions

- > Leveraged strong capital position to acquire Southport Showrooms, QLD and Broadmeadows Homemaker Centre, VIC for \$10.0 million and \$20.0 million, respectively
- > Both adjoining Trust-owned Bunnings Warehouses

Portfolio renewal

- > Portfolio renewal activity demonstrated significant underlying land value, with agreements entered into for the divestment of Trust-owned ex-Bunnings Warehouses at Wollongong, NSW and Albany, WA for \$40.0 million and \$7.0 million, respectively

Proposed Merger of BWP and NPR

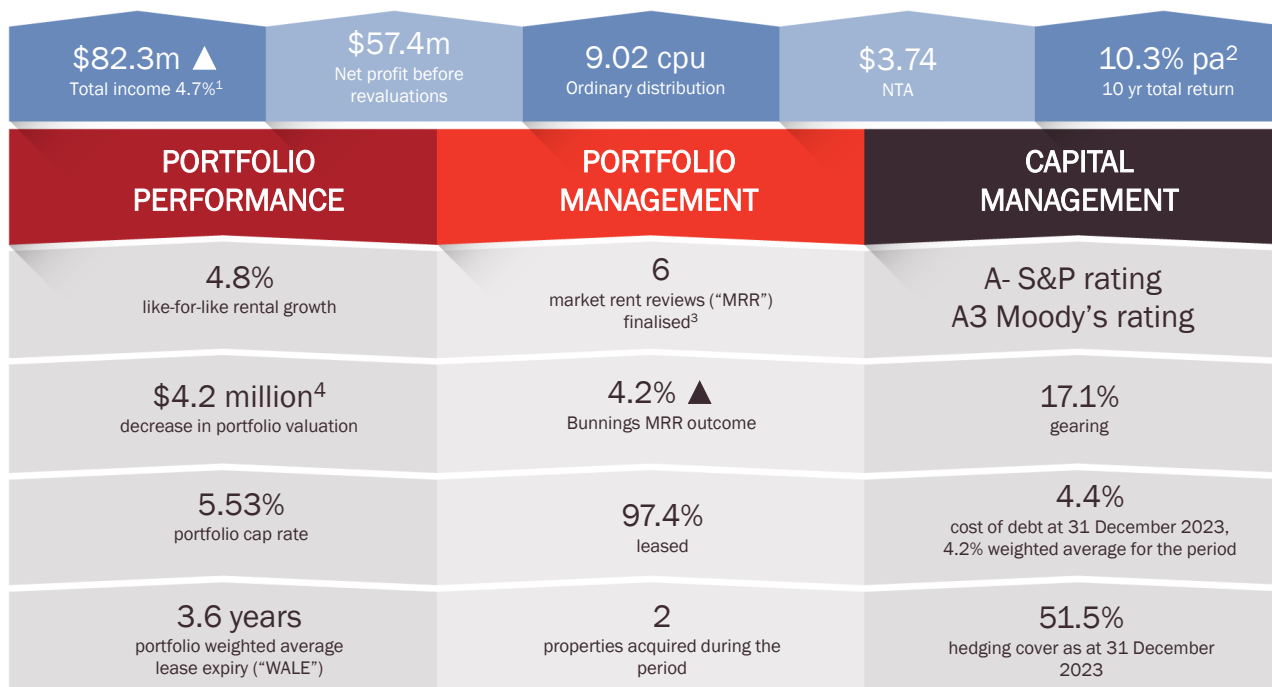
- > Bid Implementation Deed (BID) entered with Newmark Property REIT (NPR) related to a proposal to merge NPR into BWP by way of an off-market takeover
- > All-scrip transaction, with NPR securityholders to receive 0.4 BWP units for every NPR security held
- > Bidder's Statement despatch to NPR securityholders and opening of the offer on 8 February 2024
- > Total equity value for NPR of \$246.8 million¹, with enterprise value acquired of \$517.4 million²
- > Creates a \$3.5 billion property portfolio of 84 geographically diversified properties

¹ Equity value is calculated by multiplying the Merger Price by the NPR securities on issue of 177.8 million. (As announced by BWP Trust on 24 January 2024).

² Enterprise value is calculated by adding the equity value of \$246.8 million with NPR's net debt as at 31 December 2023. (As announced by BWP Trust on 24 January 2024).

2023/24 Half-year results

OVERVIEW



¹ In comparison to prior corresponding period.

² Source: UBS. Total returns include movement in security price and distributions (which are assumed to be reinvested). Annual compound returns.

³ Includes five Bunnings Warehouse properties.

⁴ Net movement including straight-lining of rent.

Results



BUNNINGS SPRINGVALE, VIC

Financial performance

HALF-YEAR ENDED		31 Dec 2023	31 Dec 2022
INCOME & EXPENSES			
Total income	\$m	82.3	78.6
Total expenses	\$m	(24.9)	(21.2)
Profit before gains/(losses) in fair value of investment properties	\$m	57.4	57.4
Amounts released from undistributed income reserve	\$m	0.5	0.6
Distributable amount	\$m	57.9	57.9
Management expense ratio (annualised) ¹	%	0.65	0.64
PORTFOLIO VALUATION & DISTRIBUTION			
Property revaluation (losses)/gains ²	\$m	(4.2)	53.9
Net profit including property revaluations	\$m	53.2	111.3
Number of units on issue ³	m	642	642
Distribution per ordinary unit	cents	9.02	9.02
Number unitholders		22,521	23,770

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

² After adjustments made for the straight-lining of rent.

³ As at the respective period end rather than for six months to.

Financial performance (continued)

HALF-YEAR ENDED		31 Dec 2023	31 Dec 2022
INVESTMENT & CASH GENERATION			
Operating cash flow	\$m	56.3	60.2
Capital expenditure (including repositioning costs)	\$m	11.2	4.9
Acquisitions of investment properties	\$m	32.0	1.5
Free cash flow	\$m	13.1	53.8
CAPITAL STRUCTURE			
Total assets ¹	\$m	2,997.7	3,091.0
Borrowings ¹	\$m	513.5	472.1
Unitholders' equity ¹	\$m	2,401.0	2,539.7
Net tangible assets ¹	\$ per unit	3.74	3.95
Weighted average cost of debt ²	% pa	4.2	3.3
Weighted average cap rate ¹	%	5.53	5.05
Gearing (debt to total assets) ¹	%	17.1	15.3

¹ As at the respective period end rather than for six months to.

² Finance costs divided by average borrowings for the six months.

Optimise existing portfolio



BUNNINGS RYDALMERE, NSW

Bunnings market rent review

OUTCOMES

- > Five Bunnings market rent reviews were finalised during the period
- > Variance to passing rent of 4.2 per cent in HY2023/24 compares to average of prior three financial years (to 30 June 2023) of 0.7 per cent

Property location	Passing rent (\$pa)	Reviewed rent (\$pa)	Variance (%)	Effective date
Craigieburn, VIC ^{1,2}	1,826,683	1,945,000	6.5	6-May-22
Scoresby, VIC ^{1,3}	2,007,781	2,100,000	4.6	1-Jun-22
Artarmon, NSW ^{3,4}	1,759,616	1,825,000	3.7	9-Feb-23
Belrose, NSW ^{3,4}	2,174,284	2,225,000	2.3	9-Feb-23
Villawood, NSW ^{3,4}	2,056,305	2,140,000	4.1	15-May-23
Total/ weighted average	9,824,669	10,235,000	4.2	

¹ The market rent review was due during the year ended 30 June 2022, but the outcome was only finalised during the current financial year

² The market rent review was determined by an independent valuer.

³ The market rent review was agreed between the parties.

⁴ The market rent review was due during the year ended 30 June 2023, but the outcome was only finalised during the current financial year.

Lease covenant summary

AS AT 31 DECEMBER 2023

- > Strong lease covenant mix
- > Wesfarmers Group covenant coverage of 83.8 per cent compares to 86.4 per cent at 31 December 2022

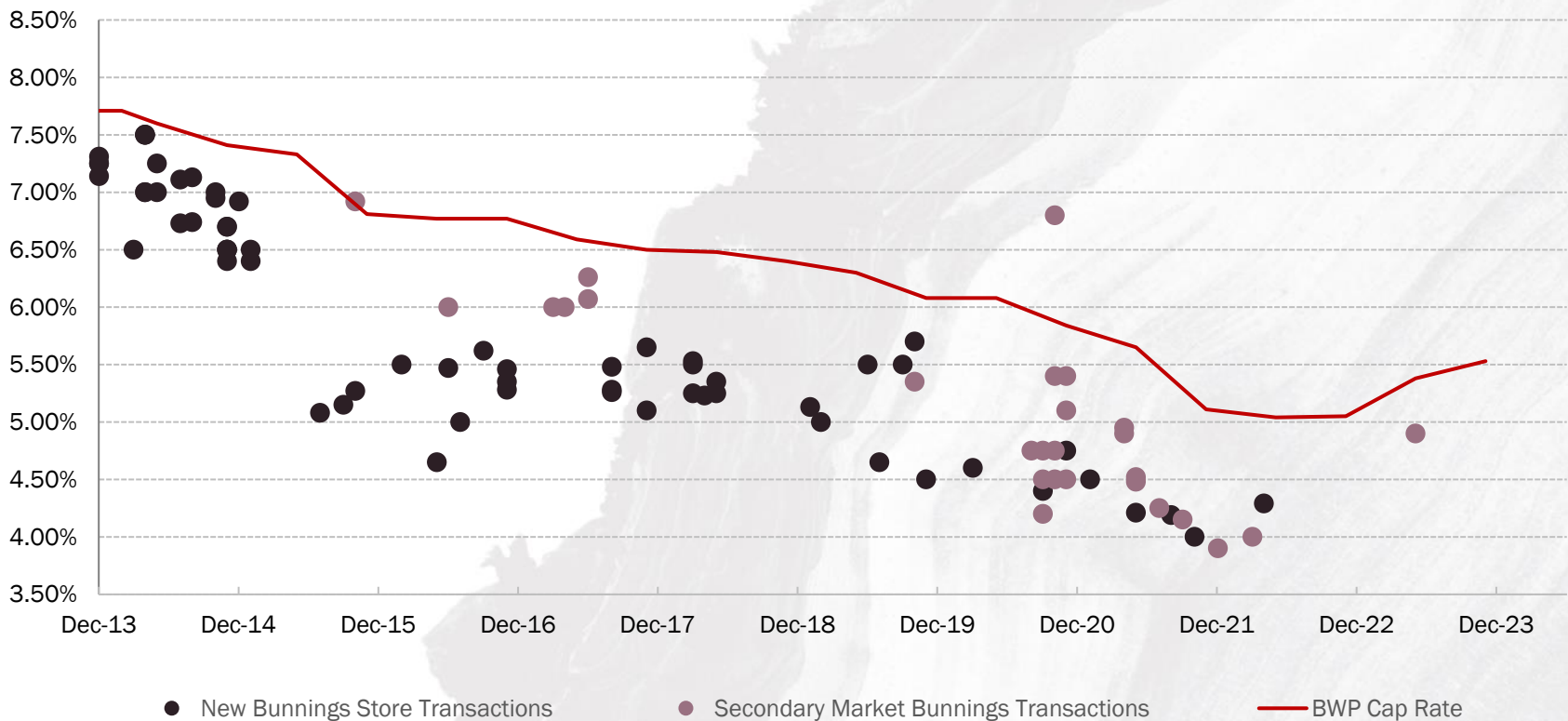
Covenant	% of total rent
Wesfarmers Group	83.8
Commonwealth and State Governments	2.7
Other national retailers, automotive and self-storage businesses ¹	12.2
Remaining tenants	1.3
Total	100.0

¹ Includes Amart, AP Eagers, Autobarn, Beacon Lighting, Chemist Warehouse, Crunch Fitness, Goodlife, Harvey Norman, Jaycar, Kennards Storage, Petbarn, Petstock, Pillow Talk, Repco, Spotlight, RSEA, Snooze, Super Retail Group, Sydney Tools, Trek, The Good Guys and Total Tools.

Capitalisation rate

OUTCOMES

> Bunnings Collingwood is the only standalone Bunnings Warehouse transaction in the last 18 months



Valuation summary

DECEMBER 2023

- > December 2023 weighted average capitalisation rate 5.53 per cent (Jun 2023: 5.38 per cent Dec 2022: 5.05 per cent)
- > Valuation overview (HY2023/24)
 - 11 independent valuations completed (16 per cent of BWP portfolio value) with average capitalisation rate 5.34 per cent
 - 64 internal valuations completed with average capitalisation rate 5.57 per cent
 - Stand alone Bunnings Warehouses weighted average capitalisation rate of 5.37 per cent
 - Capitalisation rate movement summary (seven properties decreased, 45 properties increased, no change on 21 properties) (excludes acquisitions)
- > HY2023/24 gross fair value portfolio valuation decrease of \$4.5¹ million

Properties by state 31 Dec 2023	No. of properties	Rental \$m/annum ²	Cap rate (%)	Value (\$m)
NSW/ACT	18	38.2	5.41	718.9
QLD	19	42.6	5.62	722.7
SA	2	4.8	6.61	72.2
VIC	21	55.7	5.25	1,029.1
WA	15	26.1	6.08	429.8
Total/weighted average	75	167.4	5.53	2,972.7

¹ Gross movement in valuations; statutory accounts reflect a \$4.2 million revaluation loss after adjustments made for straight-lining of rent.

² Subject to rounding.

Valuations - independent

DECEMBER 2023

> Income growth more than offset 14 basis point capitalisation rate expansion

Property	State	Jun 2023 Cap Rate (%)	Jun 2023 Valuation (\$m)	Dec 2023 Cap Rate (%)	Dec 2023 Valuation (\$m)	Cap rate movement (%)	Valuation movement (\$m)	Dec 2023 Term Certain (years)
Artarmon	NSW	4.75	37.0	5.00	36.5	0.25	(0.5)	4.1
Belrose	NSW	5.00	43.5	5.00	44.5	-	1.0	4.1
Browns Plains	QLD	5.50	59.3	5.50	59.1	-	(0.2)	6.7
Cairns	QLD	6.50	10.3	7.75	11.0	1.25	0.7	2.9
Greenacre	NSW	4.75	62.2	5.00	59.1	0.25	(3.1)	3.3
Hawthorn	VIC	4.75	68.8	5.00	76.7	0.25	7.9	1.8
Mt Gravatt	QLD	5.50	24.8	5.50	25.3	-	0.5	2.0
Northland	VIC	6.50	33.2	6.25	37.5	(0.25)	4.3	1.6
Nunawading	VIC	4.75	60.1	4.75	59.6	-	(0.5)	1.1
Rockingham	WA	5.25	45.2	5.50	45.8	0.25	0.6	3.8
Port Kennedy	WA	8.00	10.0	8.00	10.0	-	-	8.5
Total/ average		5.20	454.4	5.34	465.1	0.14	10.7	3.2

Figures subject to rounding.

Core portfolio



BUNNINGS PORT MELBOURNE, VIC

Core portfolio

SUMMARY

66
core¹ properties

3.7 years
portfolio WALE

3.2 ha
average land
area

13,851 m²
average lettable
area

83%
metro located
properties

66%
upgrade
properties or
occupied <15yrs

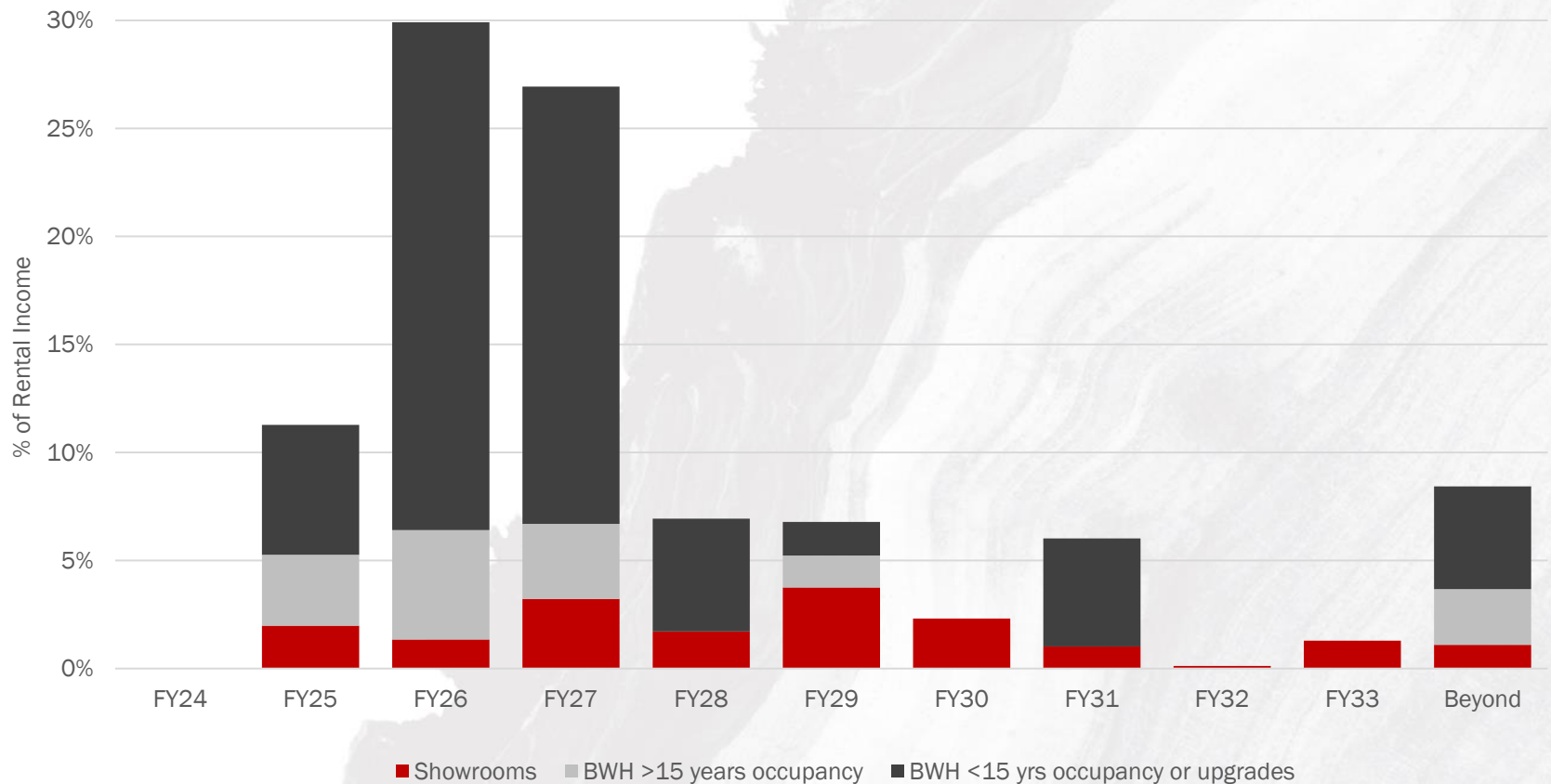
5.4%
weighted
average cap rate

¹ Core properties represent those properties with stable long-term leases in place. Excludes properties held for sale.

Core portfolio

WEIGHTED AVERAGE LEASE EXPIRY PROFILE

- > Near term expiries weighted towards Bunnings Warehouses with less than 15 years of total occupancy
- > Bunnings exercised five options during the period



Core portfolio

BUNNINGS LEASE EXPIRIES (CALENDAR YEARS 2024 TO 2026)

Property	Lease expiry	Options (years)	Rent (\$'000pa)	Comments
Thornleigh	Sep 2024	2 x 5 (10)	1,642	Notification required by Jun 2024
Maitland	Oct 2024	2 x 5 (10)	1,679	Notification required by Jul 2024
Bibra Lake	Oct 2024	1 x 5 (5)	1,946	Notification required by Jul 2024
Fyshwick	Dec 2024	1 x 5 (5)	1,505	Notification required by Sep 2024
Nunawading	Feb 2025	1 x 10 (10)	2,782	Notification required by Nov 2024
Mile End	Mar 2025	1 x 10 (10)	2,862	Notification required by Dec 2024
Morayfield	Mar 2025	1 x 10 (10)	2,116	Notification required by Dec 2024
Vermont South	Aug 2025	3 x 5 (15)	2,588	Notification required by May 2025
Arundel	Sep 2025	5 x 6 (30)	2,849	First option, notification required by Sep 2024
Bethania	Sep 2025	5 x 6 (30)	2,317	First option, notification required by Sep 2024
Rocklea	Oct 2025	4 x 6 (24)	2,571	Notification required by Jul 2025
Hawthorn	Oct 2025	3 x 5 (15)	3,837	Notification required by Jul 2025
North Lakes	Oct 2025	5 x 6 (30)	3,252	First option, notification required by Oct 2024
Coburg	Nov 2025	2 x 5 (10)	2,166	New 10-year lease following completion of upgrade (Mar 2024)
Ellenbrook	Dec 2025	5 x 6 (30)	2,305	First option, notification required by Dec 2024
Townsville North	Dec 2025	5 x 6 (30)	2,076	First option, notification required by Dec 2024
Springvale	Dec 2025	5 x 6 (30)	2,486	First option, notification required by Dec 2024
Mt Gravatt	Dec 2025	3 x 5 (15)	1,495	Notification required by Sep 2025

Core portfolio

BUNNINGS LEASE EXPIRIES (CALENDAR YEARS 2024 TO 2026) (CONTINUED)

Property	Lease expiry	Options (years)	Rent (\$'000pa)	Comments
Rydalmere	Mar 2026	5 x 6 (30)	3,666	First option, notification required by Mar 2025
Belmont	Mar 2026	4 x 5 (20)	1,584	Second option, notification required by Sep 2025
Cockburn	Mar 2026	4 x 5 (20)	1,884	Second option, notification required by Sep 2025
Fairfield Waters	Mar 2026	4 x 5 (20)	1,857	Second option, notification required by Sep 2025
Pakenham	Mar 2026	4 x 5 (20)	1,637	Second option, notification required by Sep 2025
Smithfield	May 2026	4 x 5 (20)	1,750	Second option, notification required by Nov 2025
Caroline Springs	May 2026	4 x 5 (20)	2,208	Second option, notification required by Nov 2025
Sunbury	Jun 2026	5 x 6 (30)	2,167	Second option, notification required by Dec 2025
Dubbo	Aug 2026	4 x 5 (20)	1,339	New 10-year lease following completion of upgrade in early 2025
West Ipswich	Sep 2026	5 x 6 (30)	2,968	First option, notification required by Sep 2025
Manly West	Sep 2026	5 x 6 (30)	2,675	First option, notification required by Sep 2025
Harrisdale	Oct 2026	4 x 5 (20)	2,055	Second option, notification required by Apr 2026
Villawood	Nov 2026	4 x 5 (20)	2,351	Notification required by Aug 2026
Geraldton	Dec 2026	1 x 5 (5)	1,480	Notification required by Sep 2026
Mornington	Dec 2026	1 x 5 (5)	2,110	Notification required by Sep 2026
Brendale	Dec 2026	5 x 6 (30)	2,450	First option, notification required by Dec 2025
Frankston	Dec 2026	1 x 5 (5)	2,610	Notification required by Sep 2026

Portfolio growth



BUNNINGS MT GRAVATT, QLD

Value-adding acquisitions

WEIGHTED AVERAGE INITIAL YIELD OF 6.8 PER CENT



NOTE: THE SHADED AREA INDICATES AREA ACQUIRED IN SEPTEMBER 2023

Southport Showrooms, QLD

- > September 2023 purchase for \$10.0 million (excluding acquisition costs) from an unrelated third party
- > Gross lettable area 2,382 square metres
- > Acquisition enables restrictive easement removal to facilitate potential expansion of adjoining Trust-owned Bunnings store

Broadmeadows Homemaker Centre, VIC

- > September 2023 purchase for \$20.0 million (excluding acquisition costs) from an unrelated third party
- > Gross lettable area 5,631 square metres
- > Acquisition provides surplus land for further redevelopment (retail envelope growth and potential expansion of adjoining Trust-owned Bunnings store)

Extension of lease with Bunnings

SCORESBY, VIC

- > New 10-year lease on completion of works with three, five-year options exercisable by Bunnings
 - Annual rent to increase by CPI with market rent reviews every 10 years
 - No caps/collars on CPI or market rent reviews
 - No other changes to the existing lease
- > BWP to complete stay-in-business capital expenditure car park works of \$1.4 million
- > Anticipated completion late 2024

Bunnings Warehouse upgrades

PROGRESS

Property	Scope	Update	Completion date (expected)
Lismore	<ul style="list-style-type: none"> > Upgrade cost of \$14.0 million, including land acquisition of \$1.5 million already completed (funding rate of 4.0 per cent) > Total retail area increase of 2,891 square metres (29 per cent) > On completion, new 10-year lease with 6 x 5-year options exercisable by Bunnings <ul style="list-style-type: none"> - Annual CPI reviews capped at 2.5 per cent - Market rent review every 10 years (10 per cent cap/collar on the market rent review) - No other changes to the existing lease 	<ul style="list-style-type: none"> > Construction progressing 	<ul style="list-style-type: none"> > Mid-2024
Coburg	<ul style="list-style-type: none"> > Upgrade cost of \$3.5 million (funding rate of 4.0 per cent) > Total retail area increase of 918 square metres (8 per cent) > On completion, new 10-year lease with 6 x 5-year options exercisable by Bunnings <ul style="list-style-type: none"> - Annual CPI reviews capped at 2.5 per cent - Market rent review at the exercise of each option (10 per cent cap/collar on the market rent review) - No other changes to the existing lease 	<ul style="list-style-type: none"> > Completed > Awaiting practical completion 	<ul style="list-style-type: none"> > March 2024
Dubbo	<ul style="list-style-type: none"> > Upgrade cost of \$14.0 million (funding rate of 4.0 per cent) > Total retail area increase of 4,673 square metres (37 per cent) > On completion, new 10-year lease with 6 x 5-year options exercisable by Bunnings <ul style="list-style-type: none"> - Annual CPI reviews capped at 2.5 per cent - Market rent review every 10 years (10 per cent cap/collar on the market rent review) - No other changes to the existing lease 	<ul style="list-style-type: none"> > Construction progressing 	<ul style="list-style-type: none"> > Early 2025

Alternative use properties



MENTONE, VIC

Alternative use properties

PROGRESS

Property	Lease expiry	Comments
Port Kennedy	Expired	<ul style="list-style-type: none">> Development approval for large format retail centre> Leasing progressing
Belmont North	Expired	<ul style="list-style-type: none">> Considering redevelopment/ divestment options
Hervey Bay	Expired	<ul style="list-style-type: none">> Development approval for large format retail centre> 100 per cent lease pre-commitments to national brands> Builder appointed in September 2023> Expected completion mid-2024
Noarlunga	Sep 2024	<ul style="list-style-type: none">> Considering redevelopment options
Fountain Gate	Feb 2025	<ul style="list-style-type: none">> Seeking development approval for large format retail centre> Expecting strong interest from national brands with leasing campaign underway> Expected development completion mid-2026
Northland	Aug 2025	<ul style="list-style-type: none">> Progressing redevelopment/rezoning options
Wagga Wagga	Mar 2026	<ul style="list-style-type: none">> Considering redevelopment options

Portfolio renewal



WOLLONGONG, NSW

Divestments

PORTFOLIO RENEWAL TO MAXIMISE VALUE AND RECYCLE CAPITAL INTO GROWTH

Wollongong, NSW

- > October 2023 agreement to divest to an unrelated third-party ex-Bunnings Warehouse for \$40.0 million
- > All options considered with the sale deemed to be in the best interests of unitholders
- > Reflects higher and better use for high density residential redevelopment
- > Demonstration of the Trust's ability to leverage its development capability and external networks to create value by progressing the site's future development for a higher and better use
- > 82 per cent premium to 30 June 2023 fair value of \$22.0 million (property acquired in 2003 for \$12.0 million)
- > Settlement anticipated in June 2024

Albany, WA

- > October 2023 agreement to divest to an unrelated third-party ex-Bunnings Warehouse for \$7.0 million
- > All options considered with the sale deemed to be in the best interests of unitholders
- > 23 per cent premium to 30 June 2023 fair value of \$5.7 million (property acquired in 1999 for \$4.1 million)
- > Settlement anticipated in June 2024

Capital management



BUNNINGS SCORESBY, VIC

Diversified debt

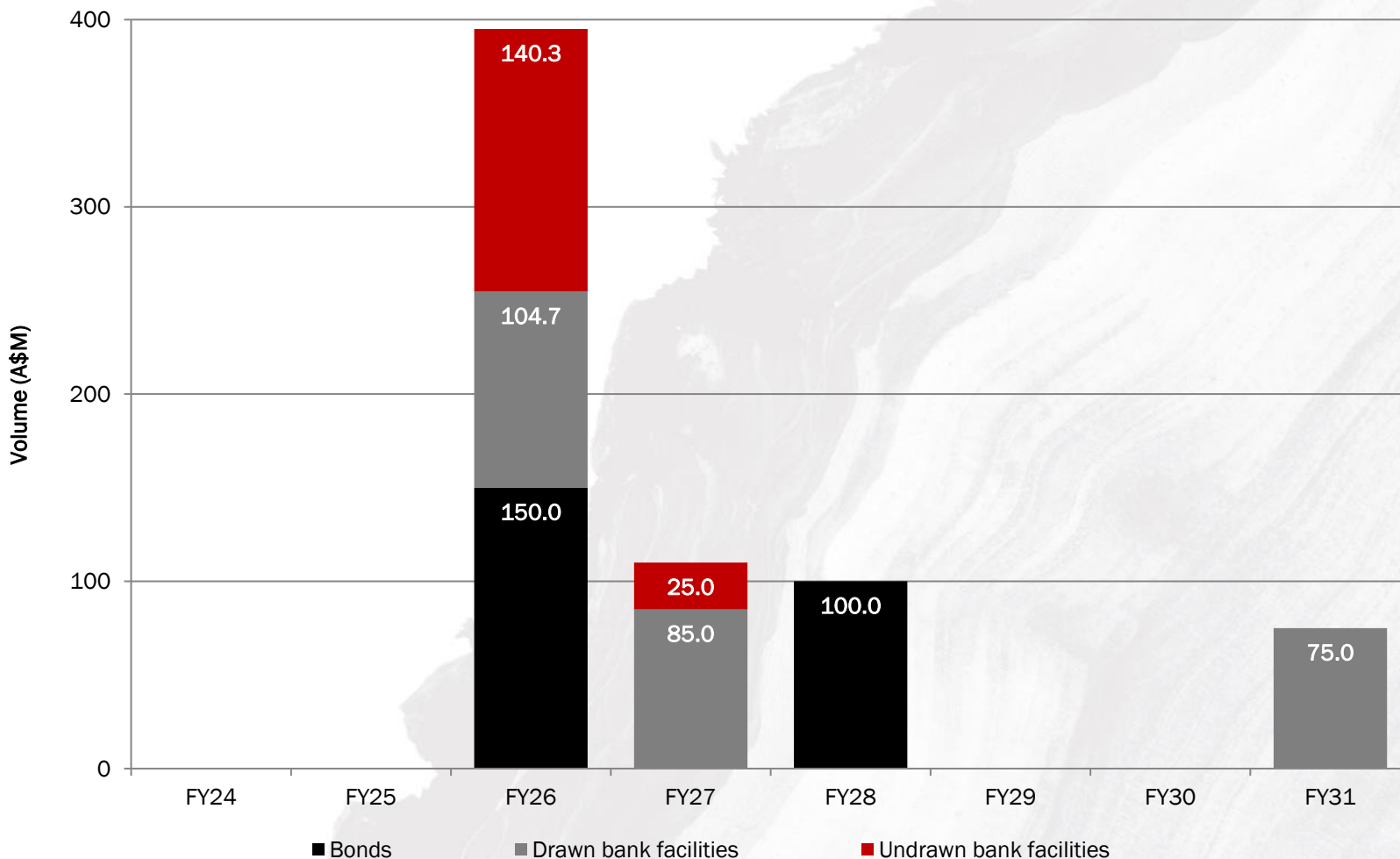
SOURCE & TENOR

- > Average borrowings for the period \$502.4 million (up 6.1 per cent on prior corresponding period)
 - 4.2 per cent weighted average cost of debt after hedging (2022: 3.3 per cent)
 - Borrowing costs for the period \$10.5 million (up 35.1 per cent on prior corresponding period)
- > Tenor diversification through new \$75.0 million institutional term loan (maturing November 2030)
- > Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement
- > As at 31 December 2023:
 - Hedging cover of 51.5 per cent
 - Weighted average rate of 1.5 per cent (excluding margins)
 - Weighted average term to maturity of 3.0 years
 - Interest cover of 6.6 times (2022: 8.5 times)
 - Gearing at 17.1 per cent (2022: 15.3 per cent)
- > A- / Stable S&P rating and A3 Moody's rating

As at 31 December 2023	Limit (\$m)	Drawn (\$m)	Expiry
Commonwealth Bank of Australia	110.0	54.9	31 July 2025
Westpac Banking Corporation	135.0	49.8	30 April 2026
Sumitomo Mitsui Banking Corporation	110.0	85.0	15 March 2027
Institutional term loan	75.0	75.0	29 November 2030
Corporate bonds – seven-year	150.0	150.0	10 April 2026
Corporate bonds – seven-year	100.0	100.0	24 March 2028
Total/weighted average	680.0	514.7	3.1 years

Debt duration

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2023



Outlook



BUNNINGS ROCKLEA, QLD

Outlook

DECEMBER 2023

Operating market & environment

- > Trust remains well positioned with rental income comprising largely the Wesfarmers Group (84 per cent), other national large format retail, automotive and self-storage businesses (12 per cent) and Commonwealth and Queensland Governments (three per cent)
- > Demand for Bunnings Warehouse properties is expected to remain stable in the near term given the continued strength of the Bunnings covenant

Income Generation

- > 24 CPI/35 fixed rent reviews in 2H FY24
- > Six Bunnings MRR's to be finalised in FY2024

Portfolio

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

Distribution & Distribution Reinvestment Plan (DRP)

- > Subject to no major disruption of the Australian economy, the Trust provides 2H FY24 distribution guidance of 9.27 cents per ordinary unit (capital profits may be utilised to support the distribution)
- > Given the proposed merger with NPR, the DRP has been suspended in respect of the interim distribution, with all BWP unitholders to receive their distribution in the form of a direct credit into their nominated bank in February 2024

Outlook

DECEMBER 2023

Proposed Merger of BWP and NPR

- > Proposed merger provides an opportunity to add nine high quality properties to BWP's portfolio
- > Leverages BWP's capital structure to profitably grow the portfolio through assets with strong location attributes and tenant covenants, resulting in a combined portfolio of \$3.5 billion
- > NPR portfolio is expected to provide uplift to BWP's sustainable earnings via addition of a secure income stream with no near-term expiries (0% of income expiring in FY24 and 3.9% in FY25) whilst increasing BWP's WALE from 3.6 to 3.9 years
- > Synergies available from the combination of two listed entities and integration of the NPR portfolio into the larger BWP portfolio, as well as the opportunity, in future, to refinance NPR debt
- > BWP's strong capital position will be maintained, with pro-forma gearing expected to remain at the lower end of BWP's target range, affording continued financial flexibility
- > Provides a platform for income and capital growth, consistent with BWP's objective of providing unitholders with a secure and growing income stream and long-term capital growth

Questions



BUNNINGS FOUNTAIN GATE, VIC

Further information

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