

2021/22 HALF-YEAR RESULTS

TO 31 DECEMBER 2021

Investor Briefing Presentation
9 February 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 4-5

Results
slides 6-7

Portfolio
slides 8-12

Core portfolio
slides 13-17

Alternative use properties
slides 18-19

Capital management
slides 20-22

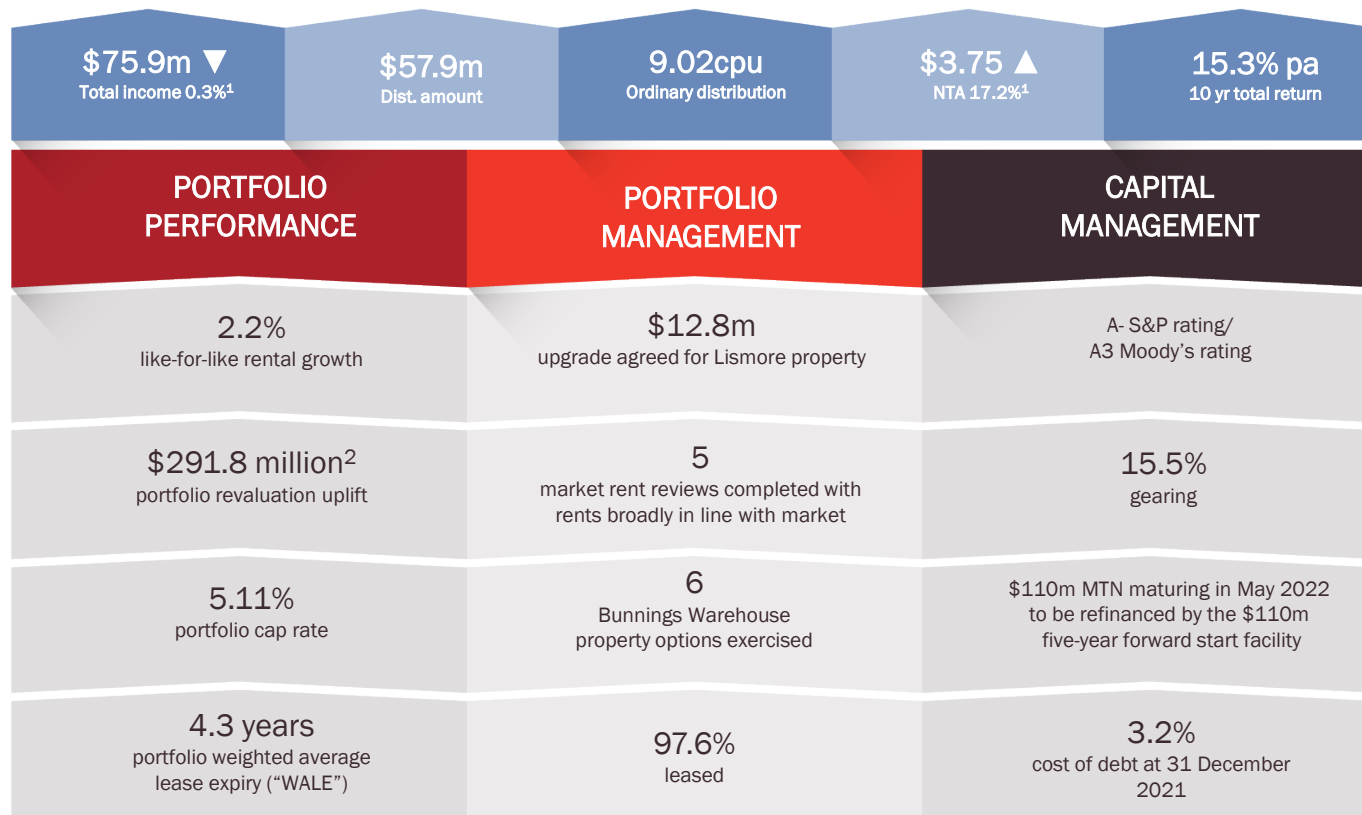
Outlook
slides 23-24

Questions
slide 25

Further information
slide 26

SUMMARY

2021/22 HALF-YEAR RESULTS AT A GLANCE



¹ In comparison to prior corresponding period.

² Gross \$292.8 million revaluation gain before straight-lining of rent.

RESULTS

FINANCIAL PERFORMANCE

SIX MONTHLY

	6 months to Dec 2021	6 months to Dec 2020
Total revenue (\$m)	75.9	76.1
Management expense ratio ¹ (%)	0.63	0.64
Other expenses (\$m)	4.3	4.3
Distributable amount (\$m)	57.9	57.9
Property net revaluation gains ² (\$m)	291.8	87.1
Net profit including property revaluations (\$m)	348.3	144.0
Number of units on issue ³ (m)	642.4	642.4
Six months distribution (cents per unit)	9.02	9.02
Total assets ³ (\$m)	2,939.6	2,596.1
Borrowings ³ (\$m)	455.5	462.2
Weighted average cost of debt ⁴ (pa) (%)	3.2	3.2
Net tangible assets ³ (\$ per unit)	3.75	3.20
Weighted average cap rate ³ (%)	5.11	5.84

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.

⁴ Finance costs divided by average borrowings for the six months.

PORTFOLIO

BUNNINGS MARKET RENT REVIEW OUTCOMES

- > Annual like-for-like rental growth across portfolio 2.2 per cent
- > Annualised All Groups CPI (weighted average of 8 cities)
 - December 2020 – 0.9 per cent
 - March 2021 – 1.1 per cent
 - June 2021 – 3.8 per cent
 - September 2021 – 3.0 per cent
 - December 2021 – 3.5 per cent
- > Five Bunnings market rent reviews were resolved during the half-year

Property Location	Passing rent (\$pa)	Reviewed rent (\$pa)	Variance (%)	Effective date
Fountain Gate, VIC ^{1,2}	1,760,103	1,770,000	0.6	1-Feb-20
Nunawading, VIC ^{1,2}	2,493,480	2,500,000	0.3	11-Feb-20
Mt Gravatt, QLD ^{2,3}	1,406,886	1,368,000	(2.8)	17-Dec-20
Belmont, WA ^{2,3}	1,630,966	1,493,000	(8.5)	31-Mar-21
Cockburn, WA ^{2,3}	1,826,682	1,776,000	(2.8)	31-Mar-21
Total	9,118,118	8,907,000	(2.3)	

¹ Market rent review was due during the year ended 30 June 2020, but the outcome was only finalised during the current financial year.

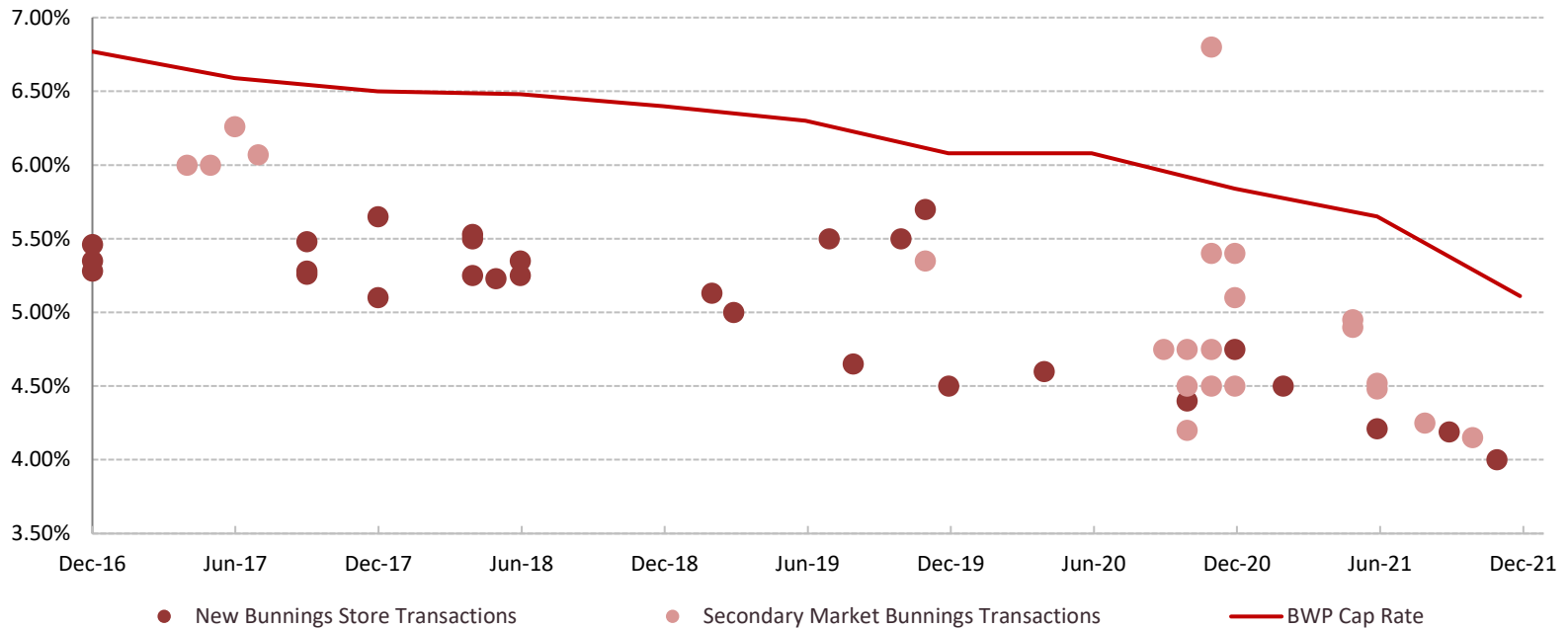
² Market rent review was determined by an independent valuer.

³ Market rent review was due during the year ended 30 June 2021, but the outcome was only finalised during the current financial year.

CAPITALISATION RATE TRENDS

> Four Bunnings Warehouse transactions in the last six months, the most recent a regional store on a cap rate of 4.0 per cent

Location	Transaction Month	Cap rate (%)
Munno Para West, SA	Aug-21	4.25
Kempsey, NSW	Sep-21	4.19
Delacombe, VIC	Oct-21	4.15
Hervey Bay, QLD	Nov-21	4.00



REVALUATIONS

DECEMBER 2021

- > December 2021 weighted average capitalisation rate 5.11 per cent (Jun 2021: 5.65 per cent)
 - 10 independent valuations (14 per cent of BWP portfolio value), average cap rate 4.89 per cent
 - 63 internal valuations average cap rate 5.14 per cent
 - Stand alone Bunnings Warehouses weighted average cap rate of 4.95 per cent
 - Cap rate movement; 67 properties decreased, four properties no change and two properties increased
- > HY 2021/22 gross fair value gain of \$292.8¹ million on revaluation
 - Rental growth and cap rate compression contributed to the net fair value gain during the period

Revaluations by state 31 Dec 2021	No. of properties	Rental \$m/annum ²	Cap rate (%)	Value (\$m)
NSW/ACT	18	36,909	5.08	711.4
QLD	18	40,230	5.16	730.4
SA	2	4,272	5.19	82.3
VIC	20	47,849	4.76	982.6
WA	15	22,133	5.87	410.0
Total/ weighted average	73	151,393	5.11	2,916.7

¹ Gross movement in valuations; statutory accounts reflect a \$291.8 million revaluation gain after adjustments made for straight-lining of rent.

² Subject to rounding.

INDEPENDENT REVALUATIONS

DECEMBER 2021

Property	State	Jun 2021 Cap Rate (%)	Jun 2021 Valuation (\$m)	Dec 2021 Cap Rate (%)	Dec 2021 Valuation (\$m)	Cap rate movement (%)	Valuation movement (\$m)	Dec 2021 Term Certain (years)
Tuggeranong	ACT	5.50	33.5	4.75	40.0	(0.75)	6.5	1.9
Belmont North	NSW	7.25	9.0	6.00	10.0	(1.25)	1.0	0.4
Maitland	NSW	6.25	23.0	5.00	30.0	(1.25)	7.0	2.8
Port Macquarie	NSW	7.00	18.7	6.00	22.0	(1.00)	3.3	7.5
Cannon Hill	QLD	4.75	51.3	4.25	57.4	(0.50)	6.1	2.3
Townsville North	QLD	6.00	30.5	5.25	36.0	(0.75)	5.5	3.9
West Ipswich	QLD	5.50	48.0	4.75	57.0	(0.75)	9.0	4.7
Croydon	VIC	4.75	46.8	4.25	52.0	(0.50)	5.2	9.2
Scoresby	VIC	5.75	34.9	5.00	39.0	(0.75)	4.1	0.4
Midland	WA	7.25	17.9	6.25	20.8	(1.00)	2.9	4.8
Total/ weighted <i>average</i>¹		5.64	313.6	4.89	364.2	(0.74)	50.6	3.9

¹ Figures subject to rounding.

CORE PORTFOLIO

CORE PORTFOLIO SUMMARY

65
properties

4.4 years
portfolio WALE

3.2 ha
average land area

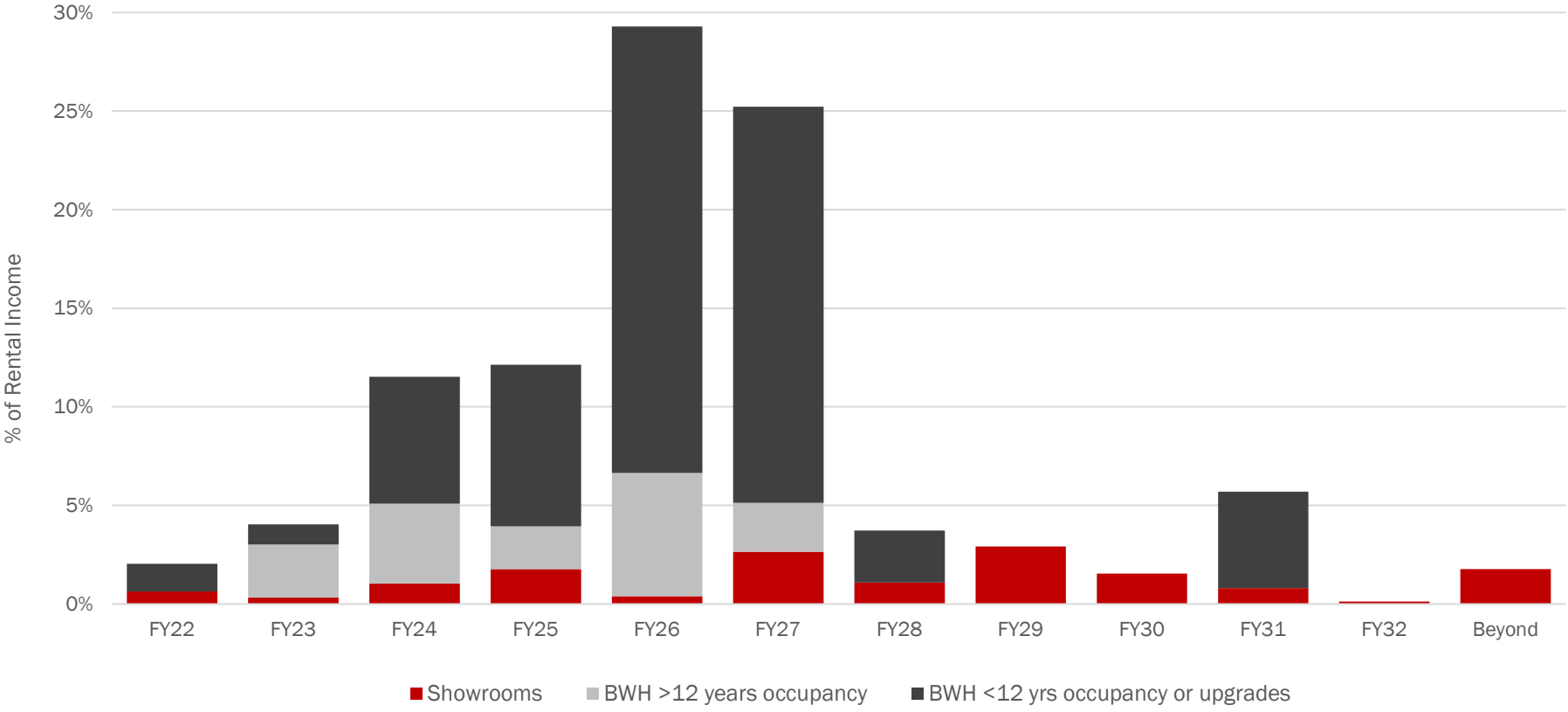
14,188 m²
average lettable
area

83%
metro located
properties

67%
upgrade
properties or
occupied <12yrs

5.0%
weighted average
cap rate

WEIGHTED AVERAGE LEASE EXPIRY PROFILE



BUNNINGS LEASE EXPIRIES NEXT THREE YEARS

> Five year options exercised for Geraldton (WA), Mornington (VIC), Frankston (VIC), Gladstone (QLD), Greenacre (NSW) and Craigieburn (VIC)

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Scoresby	May 2022	2 x 5 yrs	2,008	Notification required by February 2022
Hervey Bay	Dec 2022	1 x 5 yrs	1,397	Bunnings has commenced construction on adjoining site
Artarmon	Feb 2023	3 x 5 yrs	1,710	Notification required by November 2022
Belrose	Feb 2023	3 x 5 yrs	2,113	Notification required by November 2022
Wollongong	Feb 2023	2 x 5 yrs	1,459	Notification required by November 2022
Balcatta	Sep 2023	10 yrs	2,334	Notification required by June 2023
Southport	Nov 2023	10 yrs	1,840	Notification required by August 2023
Tuggeranong	Dec 2023	10 yrs	1,898	Notification required by September 2023
Cannon Hill	Apr 2024	10 yrs	2,619	Notification required by January 2024
Bayswater	Apr 2024	3 x 5 yrs	2,092	Notification required by January 2024
Wallsend	May 2024	5 x 5 yrs	2,286	Notification required by November 2023
Browns Plains	May 2024	-	1,848	Ongoing discussions with Bunnings to extend lease
Thornleigh	Sep 2024	2 x 5 yrs	1,463	Notification required by June 2024
Noarlunga	Sep 2024	1 x 5 yrs	1,707	Notification required by June 2024
Maitland	Oct 2024	2 x 5 yrs	1,496	Notification required by July 2024
Bibra Lake	Oct 2024	1 x 5 yrs	1,729	Notification required by July 2024
Fyshwick	Dec 2024	1 x 5 yrs	1,347	Notification required by September 2024

BUNNINGS UPGRADE

LISMORE, NEW SOUTH WALES

- > Upgrade increases the total retail area by 2,891 square metres
- > Anticipated completion mid-2023
- > On completion, a 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
- > Upgrade cost of \$12.8 million at a funding rate of 4.0 per cent
 - Land acquisition \$1.5 million
 - Development \$11.3 million

ALTERNATIVE USE PROPERTIES

ALTERNATIVE USE PROPERTIES UPDATE

Property	Lease expiry ¹	Comments
Morley	Expired	Temporary lease to Australian Electoral Commission expires in June 2022; leasing campaign underway for lifestyle/leisure redevelopment, other options also being explored
Belmont North	Expired	Site leased up to June 2023 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 FY2022
Port Kennedy	Expired	Leasing campaign underway for large format retail redevelopment – 69 per cent leased or committed to lease
Hervey Bay	Dec 2022	Progressing a large format retail redevelopment, a good level of level of enquiry to date
Albany	Oct 2024	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 underway
Northland	Aug 2025	Progressing redevelopment/rezoning options
Wagga Wagga	Mar 2026	Considering redevelopment options

¹ End of the current Bunnings lease term.

CAPITAL MANAGEMENT

DEBT FACILITIES

- > Average borrowings for the half-year \$466.2 million (down 0.3 per cent on prior corresponding period)
 - 3.2 per cent per annum weighted average cost of debt after hedging (2020: 3.2 per cent per annum)
 - Borrowing costs for the half-year \$7.5 million (in line with the prior corresponding period)
- > \$110 MTN maturing in May 2022 to be refinanced with Sumitomo Mitsui Banking Corporation five-year facility
- > As at 31 December 2021:
 - Hedging cover: 88.5 per cent
 - Weighted average rate on duration of 1.41 per cent
 - Weighted average term to maturity 3.3 years
 - Interest cover: 8.7 times (2020: 8.8 times)
 - Gearing: 15.5 per cent (2020: 17.8 per cent)
- > A- / Stable S&P rating and A3 Moody's rating

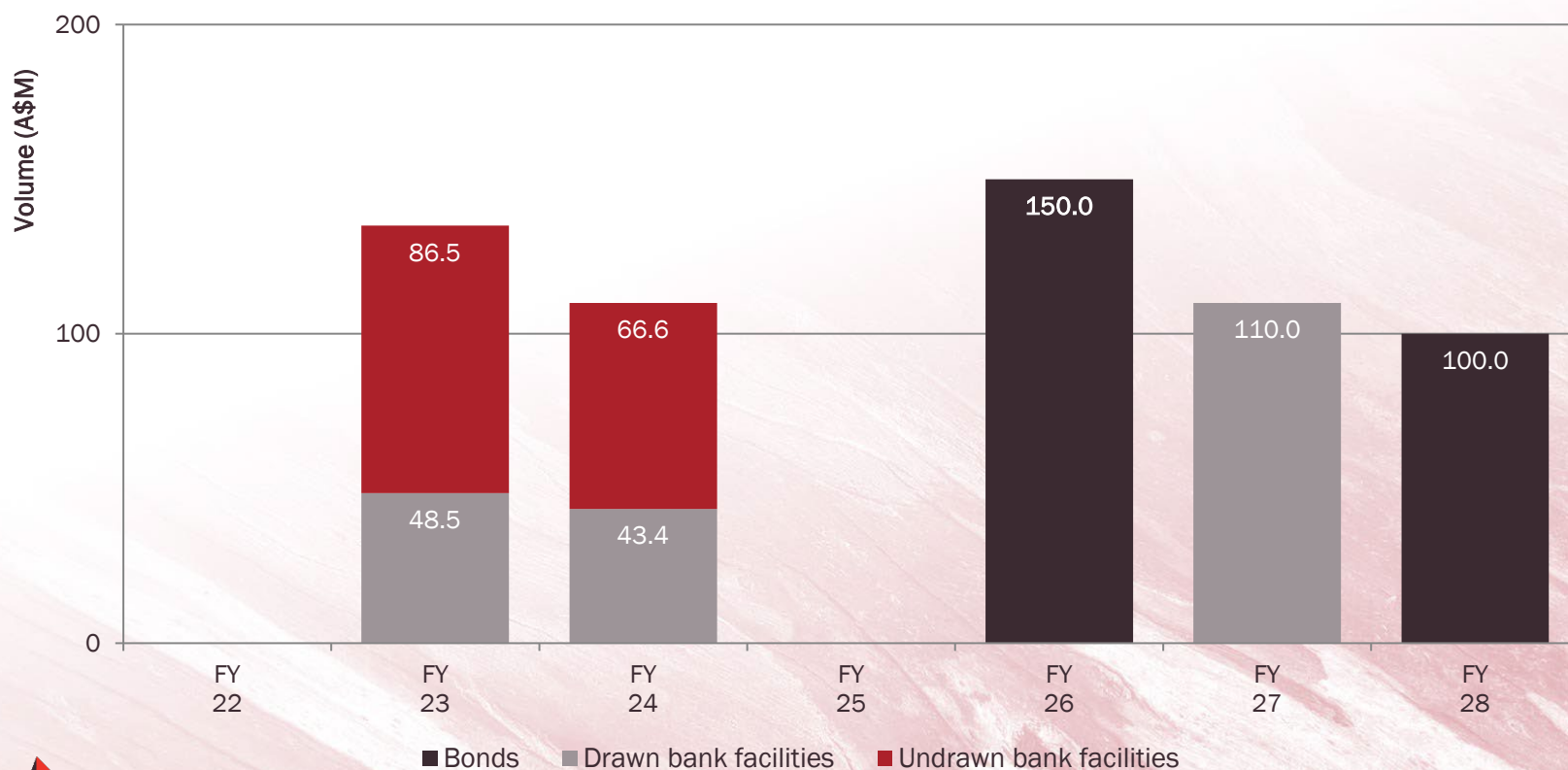
As at 31 Dec 2021	Limit (\$m)	Drawn (\$m)	Expiry
CBA	110	43	31 Jul 2023 ¹
WBC	135	49	30 Apr 2023 ¹
Corporate bonds – five-year	110	110	11 May 2022
Corporate bonds – seven-year	150	150	10 Apr 2026
Corporate bonds – seven-year	100	100	24 Mar 2028
Total/ <i>weighted average</i>	605	452	<i>2.3 years</i>

¹ Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement.

DEBT DURATION

REFINANCED DEBT MATURITY PROFILE

- > The graph below shows the debt profile for the Trust, on the basis of the forward start SMBC facility being drawn down to repay the \$110 million MTN maturing in May 2022



OUTLOOK

OUTLOOK

Operating environment

- > The Trust is well positioned operationally with 85 per cent of rental income from Bunnings and a further 14 per cent rent from other national large format retailers
- > Demand for Bunnings Warehouse properties is expected to remain relatively stable in near term with the Bunnings covenant continuing to attract strong investor support

Rental growth

- > 23 CPI/ 23 fixed rent reviews in second half FY2022
- > Eight Bunnings MRR's to be finalised in FY2022 (in addition to eight unresolved from FY2021)

Portfolio

- > Primary focus for the remainder of the financial year is on filling any vacancies in the portfolio, progressing store upgrades, rezonings and extending Bunnings leases through the exercise of options
- > The Trust will continue to look for opportunities to acquire assets where there is good potential for value creation

FY2022 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 2022 to be similar to the ordinary distribution paid for the year ended 30 June 2021
- > 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