



Full-year results 2012

August 2012



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Presentation outline

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Overview

- > Increased revenue (up by 19.7%) and distributable profit (up 35.7% including special distribution; up 25.6% excluding special distribution)
- > Special distribution of \$6.2 million (1.17 cents per unit) capital profit¹ from sale of a property
- > 100% payout ratio resulting in 14.67 cents per unit full-year distribution – up by 22.5% (13.50cpu excluding special distribution – up by 13.5%)
- > Five Bunnings Warehouse added to the portfolio during the year
- > Like-for-like rental growth of 3.7% for 12 months to 30 June 2012, with 2 Bunnings Warehouse market rent reviews yet to be completed for 2011/12
- > Portfolio cap rates softened by 10 basis points over the 6 months to 7.91% at 30 June 2012
- > Sound portfolio fundamentals: 100% occupancy, 7.7 years weighted average lease expiry
- > NTA down by 2 cents for the six months to \$1.85 cents per unit, due to an increase in unrealised hedging liabilities of \$5 million and distribution of capital profits of \$6.2 million
- > Average net cost of borrowings down from 9.2% last year to 8.0%
- > Refinanced bank facilities provide improved security of funding and liquidity to support continued growth



¹ net sale proceeds less original purchase price and capital expenditure since acquisition

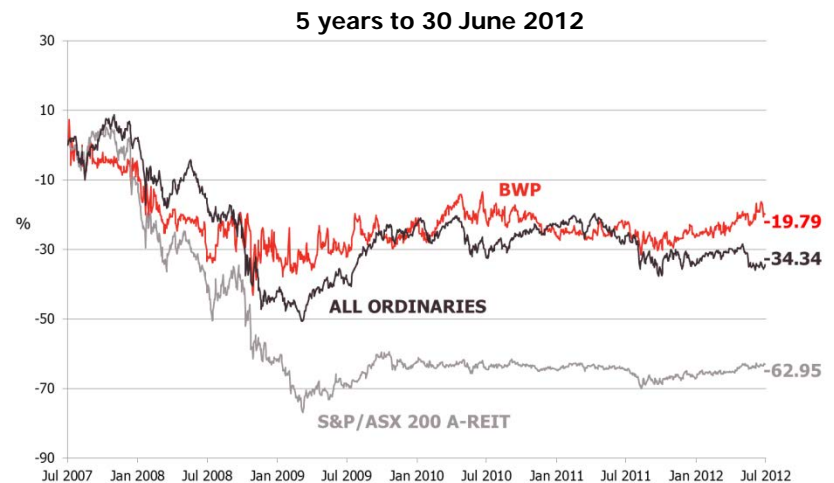
Overview – market performance

BWP unit price movement broadly in line with the property index and outperforms the broader market for one to three years...

...longer term shows BWP outperformance of both the property index and broader market

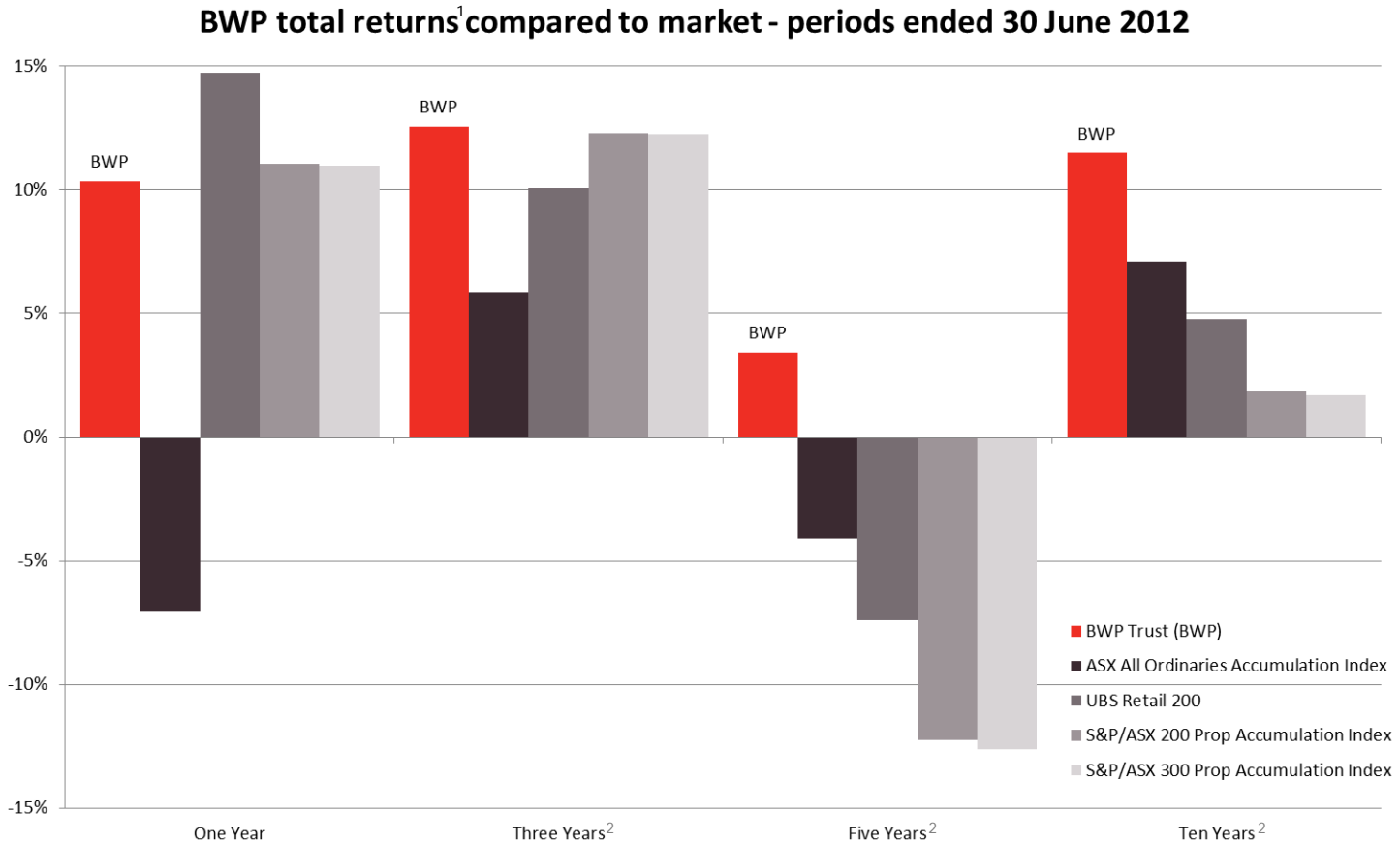
Source: Reuters, rebased to 100 for periods ended 30 June 2012

BWP unit price vs S&P/ASX 200 A-REIT index & All Ordinaries index



Results – total returns

> BWP total returns compared to market – periods ended 30 June 2012



¹ total returns include distributions and movement in price (assumes distributions are reinvested)

² compound annual returns

Source: UBS

Results – performance

	2011/12		Previous corresponding period
Revenue	\$102.1 million	↑	19.7%
Net profit including revaluations	\$69.9 million		\$81.5 million
Distributable profit (excludes revaluations)	\$76.7 million ¹	↑	35.7%
Distributable profit excluding profit on property sale	\$70.5 million	↑	25.6%
Full-year distribution	14.67 cpu ¹	↑	22.5%
Full-year distribution (excl. profit on property sale) ²	13.50 cpu	↑	13.5%
Total assets	\$1,335.2 million	↑	7.5%
Borrowings	\$288.9 million		\$210.8 million
Net tangible assets	\$1.85 per unit	↓	\$0.05 per unit
Weighted average cap rate	7.91%		7.65%
Gearing (debt to total assets)	21.6%		17.0%
Covenant gearing (debt + n.c.i. to total assets)	22.8%		17.1%

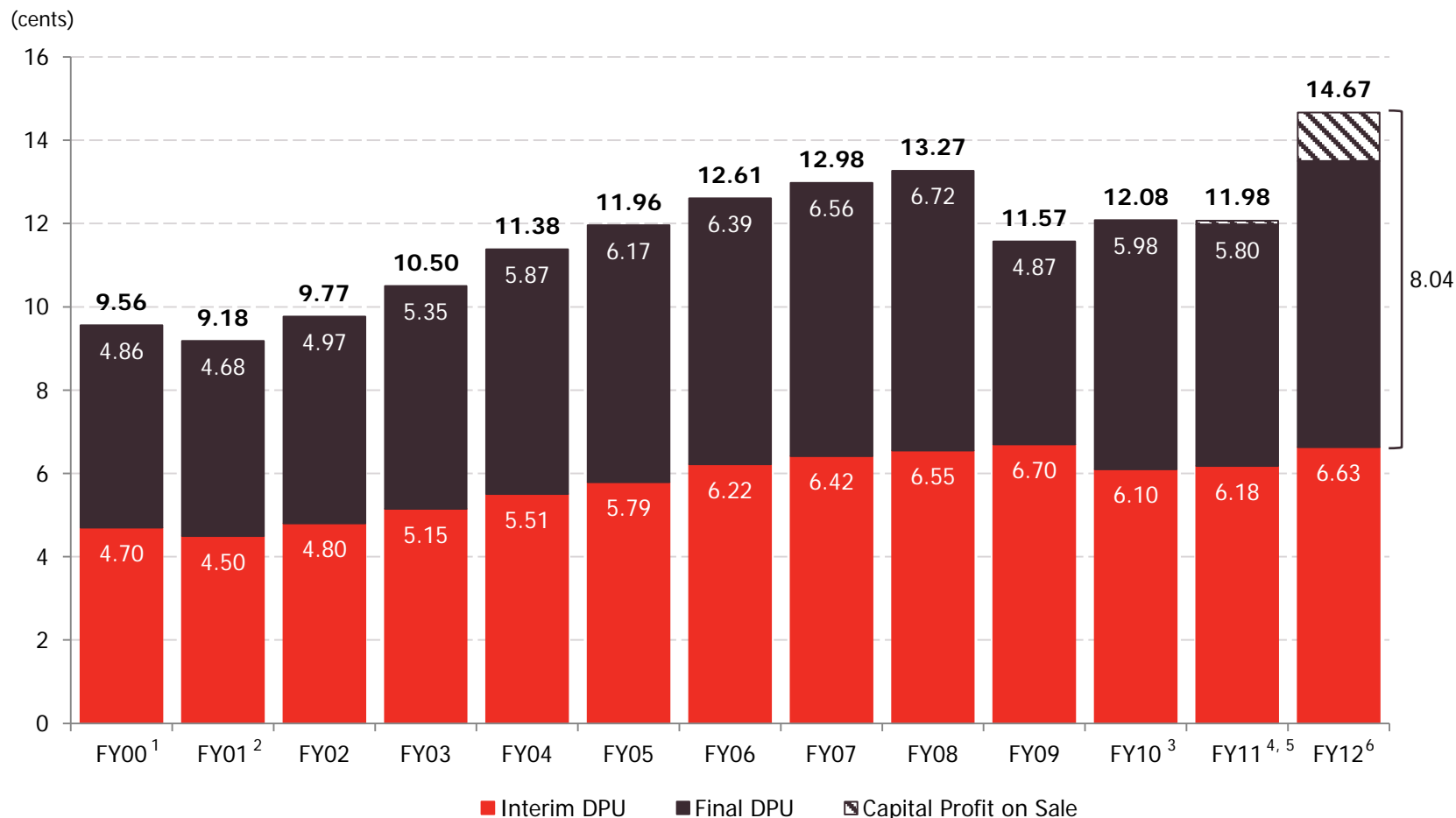
Results – performance: 6 monthly

	6 months to Jun 12	6 months to Dec 11	6 months to Jun 11
Revenue	\$52.3m	\$49.8m	\$44.9m
Net profit including revaluations	\$37.9m ¹	\$32.0m	\$27.3m
Unrealised (gain)/loss in fair value of investment properties	(\$2.0m)	\$2.6m	\$2.9m
Capital profit from property divestments	\$6.2m	-	-
Distributable profit including capital profit from property divestments	\$42.2m ^{1,2}	\$34.5m ¹	\$30.2m
Half-year distribution (cents per unit)	8.04 ²	6.63	5.80
Total assets	\$1,335.2m	\$1,272.6m	\$1,242.1m
Borrowings	\$288.9m	\$240.5m	\$210.8m
Net tangible assets (per unit)	\$1.85	\$1.87	\$1.90
NTA per unit excluding hedging liabilities	\$1.88	\$1.89	\$1.90
Weighted average cap rate	7.91%	7.81%	7.65%
Gearing (debt to total assets)	21.6%	18.9%	17.0%

¹ adjusted for rounding

² includes \$6.2 million capital profit on sale of Hoppers Crossing

Results – distributions per unit (DPU)



¹ BWP commenced trading in Sep 98

² end of concessional management fee

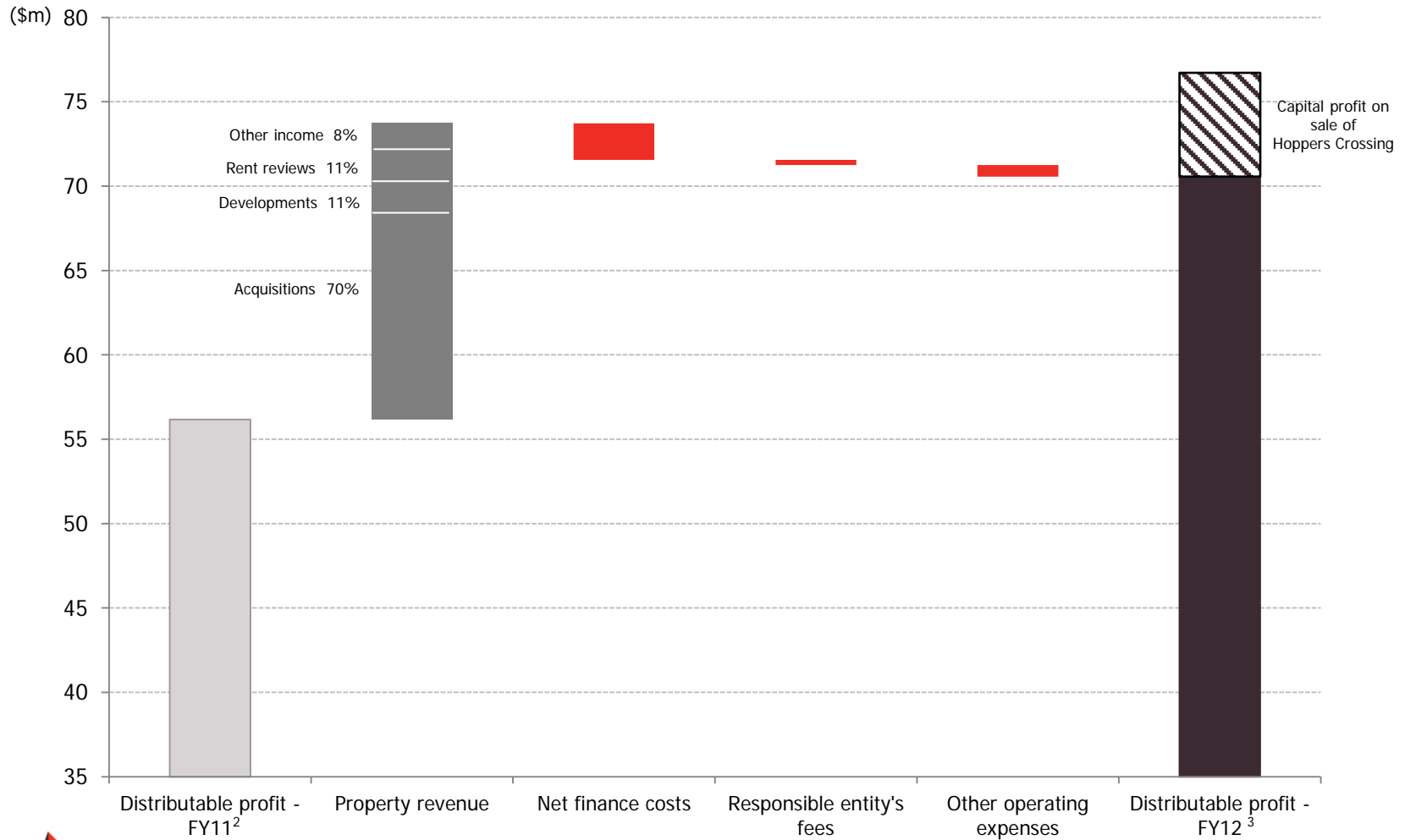
³ final distribution FY09 – impacted by additional units issued from \$150 million capital raising and one-off termination costs of interest rate derivatives closed out to pay down debt from capital raising

⁴ interim distribution FY11 includes 0.09 cents per unit (“cpu”) capital profit on sale of Canning Vale industrial property

⁵ final distribution FY11 impacted by additional units issued from \$150 million capital raising

⁶ final distribution FY12 (8.04 cpu) includes 1.17 cpu capital profit on sale of the Hoppers Crossing Bunnings Warehouse

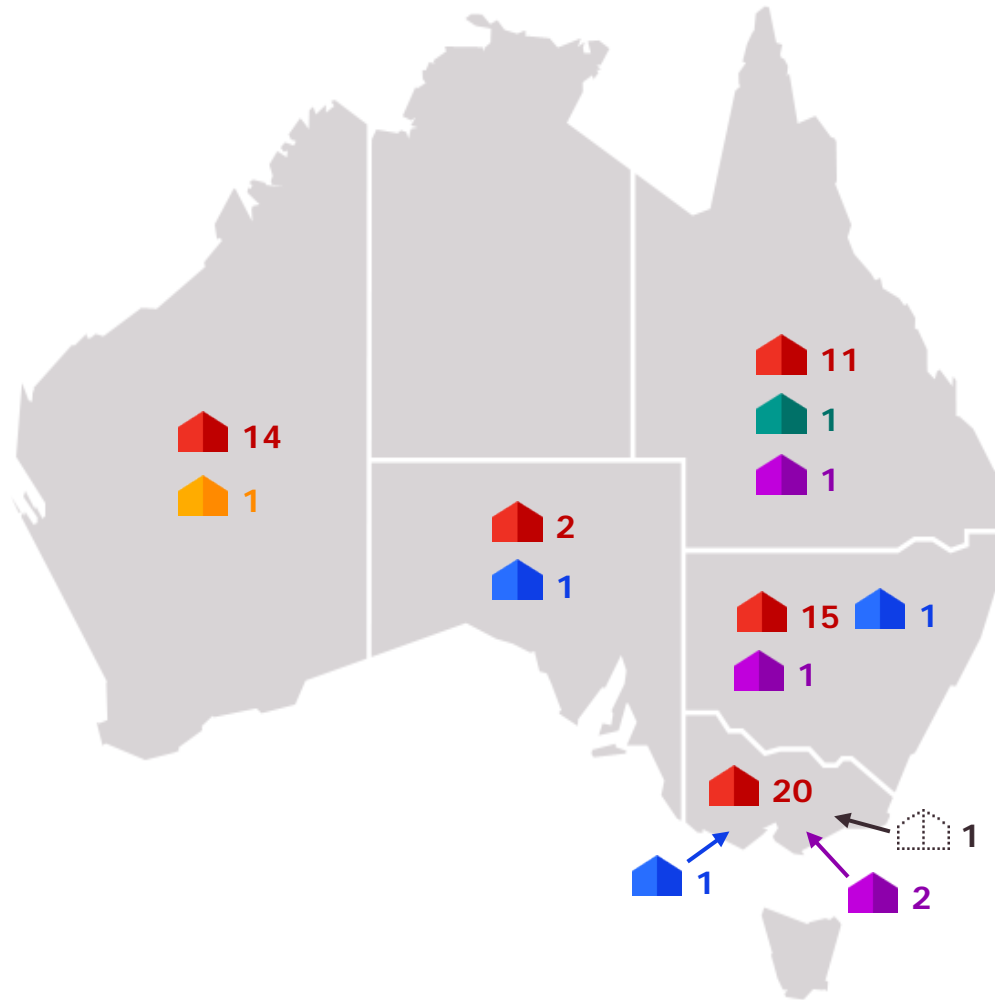
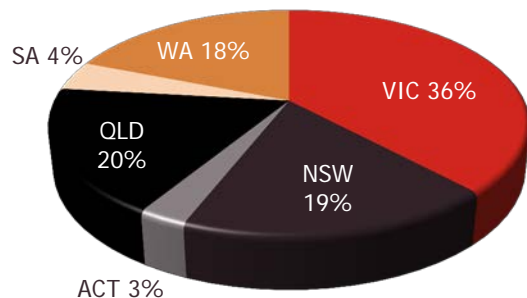
Results – distribution variance to pcp¹



Portfolio - geographic spread

-  62 Bunnings Warehouses
-  4 Bunnings Warehouse and showrooms
-  1 Bunnings Warehouse development sites
-  1 Bunnings distribution centre
-  1 Bulky goods showrooms
-  3 Industrial properties

BWP rental income
(as at 30 Jun 12)



Portfolio – new properties in FY12

State	Property	Description	Rent (\$000) ¹	Purchase price (\$000) ²
NSW	Greenacre	Development	2,215	30,000 ³
NSW	Dubbo	Acquisition	1,324	15,790
QLD	Browns Plains	Acquisition	2,160	24,000
VIC	Craigieburn	Acquisition	1,400	18,420
WA	Harrisdale	Development	1,380	18,600 ³

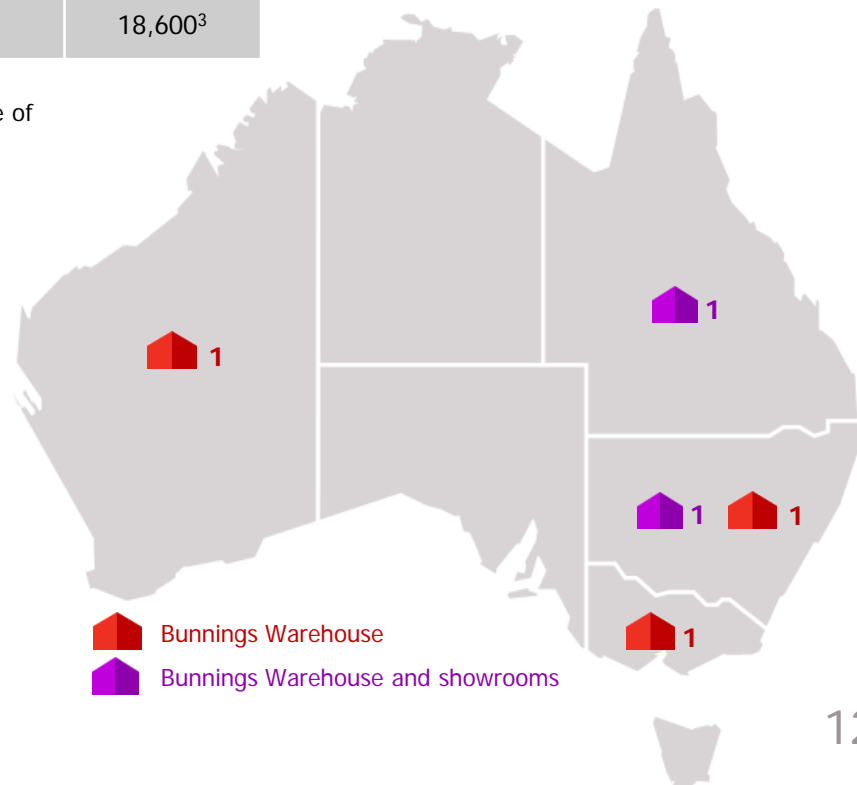
¹ commencement rent for Bunnings Warehouse and net income at the date of acquisition for the multiple-tenanted properties

² excluding acquisition costs

³ including land acquired by BWP in April 2011:

Greenacre \$13.25m

Harrisdale \$10.0m



Portfolio – acquisition of Bunnings/showrooms

> Browns Plains, Queensland

(\$24.0m purchase price, plus \$1.4m acquisition costs)

- tenants comprise Bunnings, Spotlight, The Good Guys and Healthy Pharmacy
- 25 kilometres south of Brisbane CBD
- 4.7ha site, 18,704m² total retail area
- annual rent \$2.16m
- cap rate on net income 9.0%
- annual CPI escalations on all leases
- acquired April 2012
- short-term growth potential from lease renewals and market reviews



Boundaries shown are approximate

Portfolio – divestment of Bunnings Warehouse

> Hoppers Crossing, Victoria (\$14.55m sale price)

- sold June 2012 to a private investor
- passing annual rent \$1.2m
- cap rate on rent of 8.5%
- \$6.2 million capital profit distributed to unitholders
- \$8.2 million capital recycled



Portfolio – developments completed FY12

> New Bunnings Warehouses

> Greenacre, NSW (\$16.75m)

- land acquired April 2011 for \$13.25m (excl. acquisition costs)
- development completed April 2012
- 11,159m² fully-enclosed covered area
- commencing annual rent \$2.2m
- 10 year lease with 5x 5-year options
- annual 3% fixed escalation
- market reviews on exercise of each option (10% caps/collars)

> Harrisdale, WA (\$8.6m)

- land acquired April 2011 for \$10.0m (excl. acquisition costs)
- development completed Oct 2011
- 10,074m² fully-enclosed covered area
- commencing annual rent \$1.4m
- 10 year lease with 5x 5-year options
- annual 3% fixed escalation
- market reviews on exercise of each option (10% caps/collars)



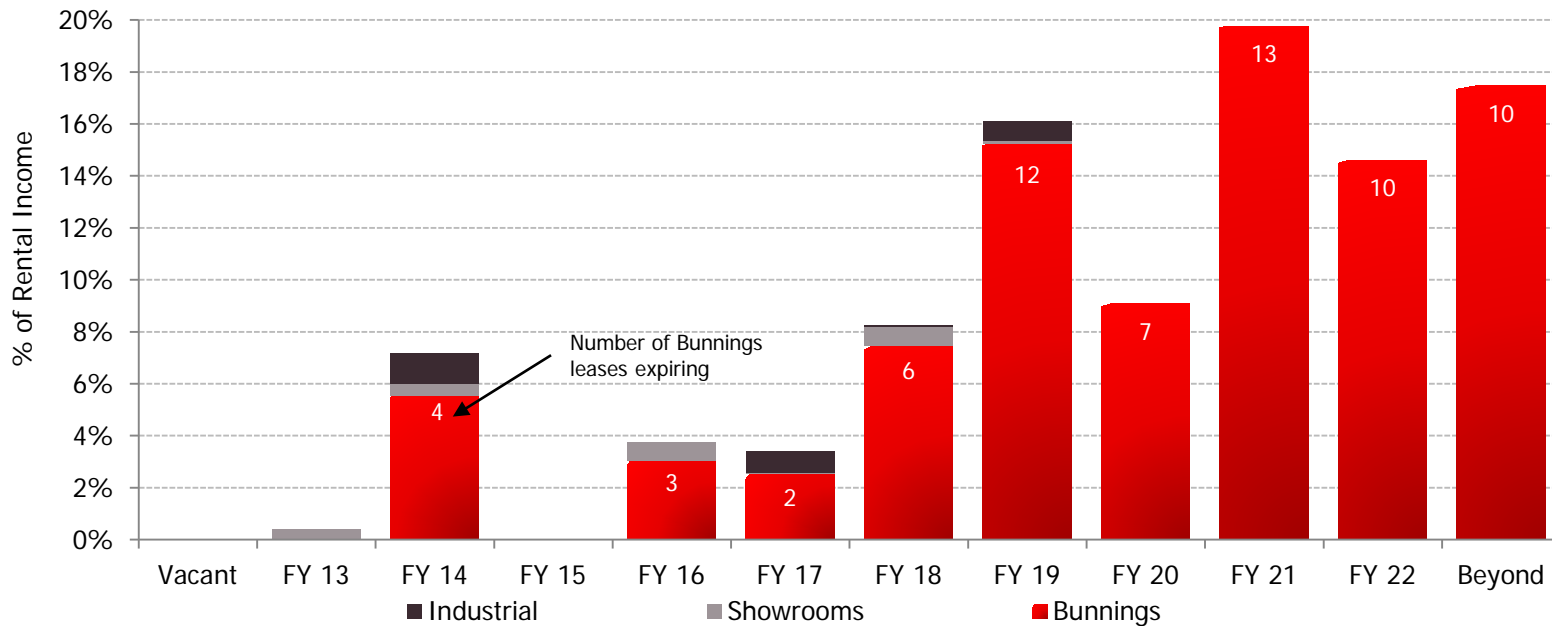
Portfolio – developments completed in FY12

> Upgrade - Bunnings Warehouse, Scoresby, Vic (\$5.8m)

- 3,477m² expansion of the fully-enclosed covered area of the Bunnings Warehouse completed in June 2012
- incremental annual rent \$0.49m
- new 10-year lease with 2 x 5-year options
- annual CPI escalation
- market reviews every 5 years (hard rental ratchet preventing the rent from falling, no cap)



Portfolio – lease expiry profile



All leases expiring in the next 5 years represent 14.7% of portfolio rental income

9 Bunnings leases expiring in the next 5 years represent 11.1% of portfolio rental income (refer to next slide)

Refer Appendix A for further detail relating to annual expiry profile by tenant/property type

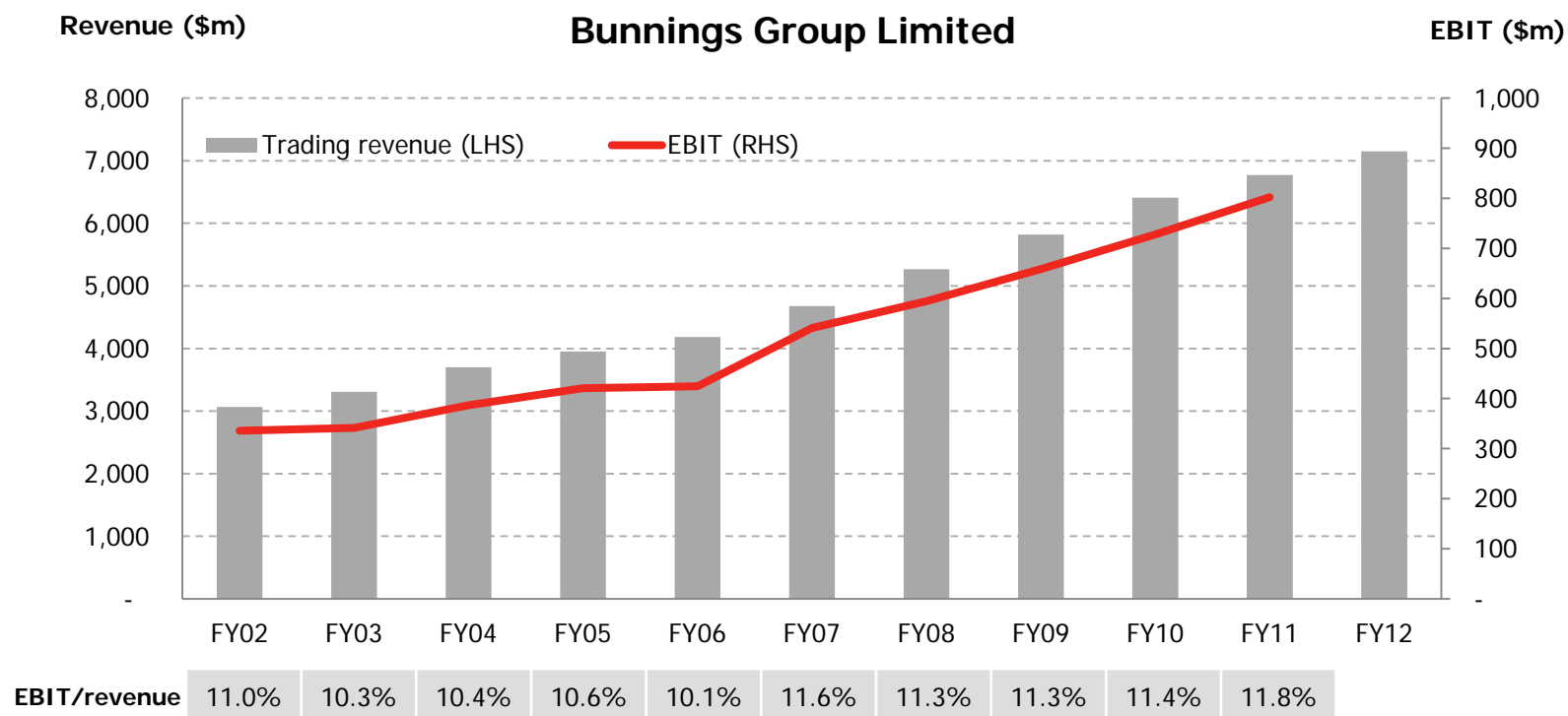
Portfolio – lease expiry profile

> 9 Bunnings leases expiring in the next 5 years

Property	Lease expiry	Annual rent (\$'000)	Comments
Sandown	Sep 2013	1,094	Asset likely to be sold if Bunnings vacates
Sunshine	Sep 2013	980	Ongoing discussions with Bunnings. Well located site
Hemmant (distribution centre)	Feb 2014	2,205	Re-leasing campaign to commence in Oct 2012
Browns Plains	May 2014	1,492	Ongoing discussions with Bunnings. Well located site
Morley	July 2015	1,199	Too early for consideration
Mt Gravatt	Dec 2015	1,064	Too early for consideration
Belmont North	Mar 2016	892	Too early for consideration
Coffs Harbour	Nov 2016	828	Asset likely to be sold if Bunnings vacates
Oakleigh South	Mar 2017	1,807	Too early for consideration

Portfolio – major tenant

- > Majority (95%) of BWP income underpinned by the highly successful Bunnings business
- > 3.9% store-on-store sales growth for 12 months to 30 June 2012 (vs. p.c.p)

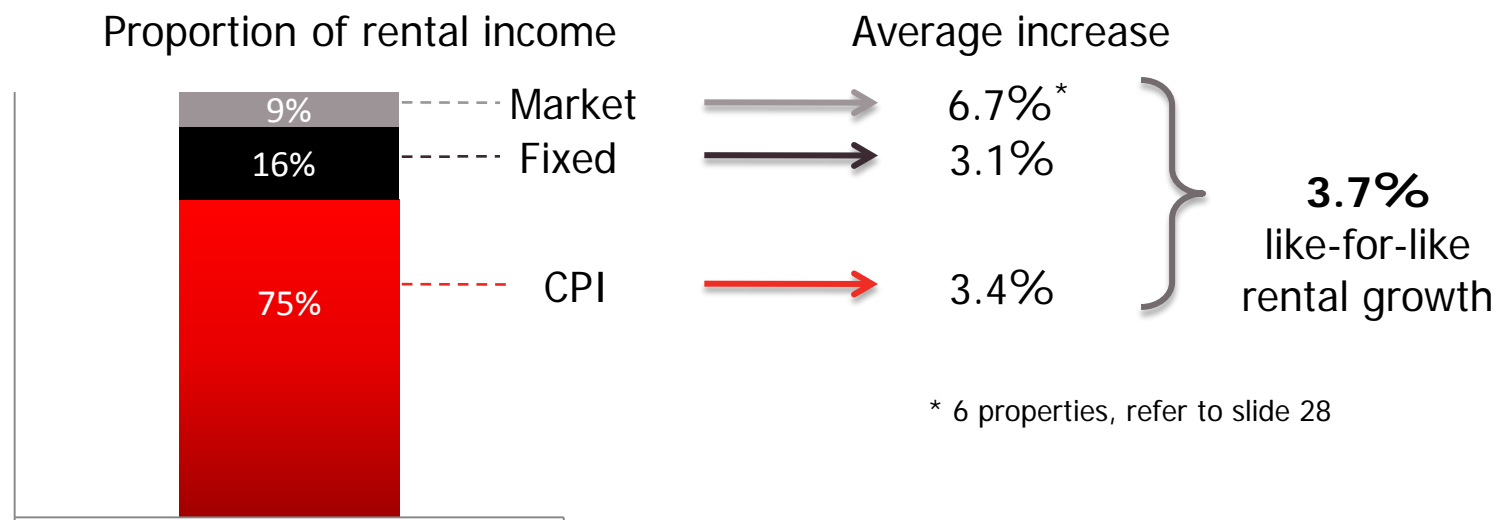


Source: Wesfarmers Limited ASX Announcements

Notes:

- > Trading revenue excludes property rental income and non-trade items
- > EBIT is earnings before interest and taxes
- > FY12 revenue based on Wesfarmers' full-year sales data released to ASX 26 July 2012

Portfolio – FY12 rent reviews



Like-for-like rental growth

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
BWP	8.2%	4.1%	3.0%	4.4%	2.8%	7.1%	2.9%	3.4%	3.7%

Note: 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, developed or upgraded during or since the previous corresponding period

Portfolio – market rent reviews

- > Finalised 6 market rent reviews during the year: 2 Bunnings Warehouse market rent reviews remain unresolved in FY12 - Geraldton and Oakleigh South

Property location	Passing rent (\$'000 pa)	Reviewed rent ¹ (\$'000 pa)	Uplift (\$'000 pa)	Uplift (%)	Effective date
Midland, WA	1,377	1,510	133	+9.6	5 September 11
Mindarie, WA	1,333	1,510	177	+13.3	5 September 11
Croydon, VIC	1,562	1,725	163	+10.5	31 October 11
Coffs Harbour, NSW	820	828	8	+0.9	26 November 11
Frankston, VIC	1,889	1,889	-	-	20 December 11
Blackburn, VIC ²	800	843	43	+5.3	1 April 12
Weighted average				+6.7	

¹ Midland, Mindarie and Croydon were determined by independent valuers; Coffs Harbour, Frankston and Blackburn were negotiated between the Trust and the tenant

² multi-tenanted industrial property

Portfolio - revaluations

- > June 2012 weighted average capitalisation rate 7.91%
 - December 2011: 7.81% and June 2011: 7.65%
 - net fair value gain of \$2.0m since Dec 2011
 - refer to Appendix B for valuation process and June 2012 valuation summary by State/Territory

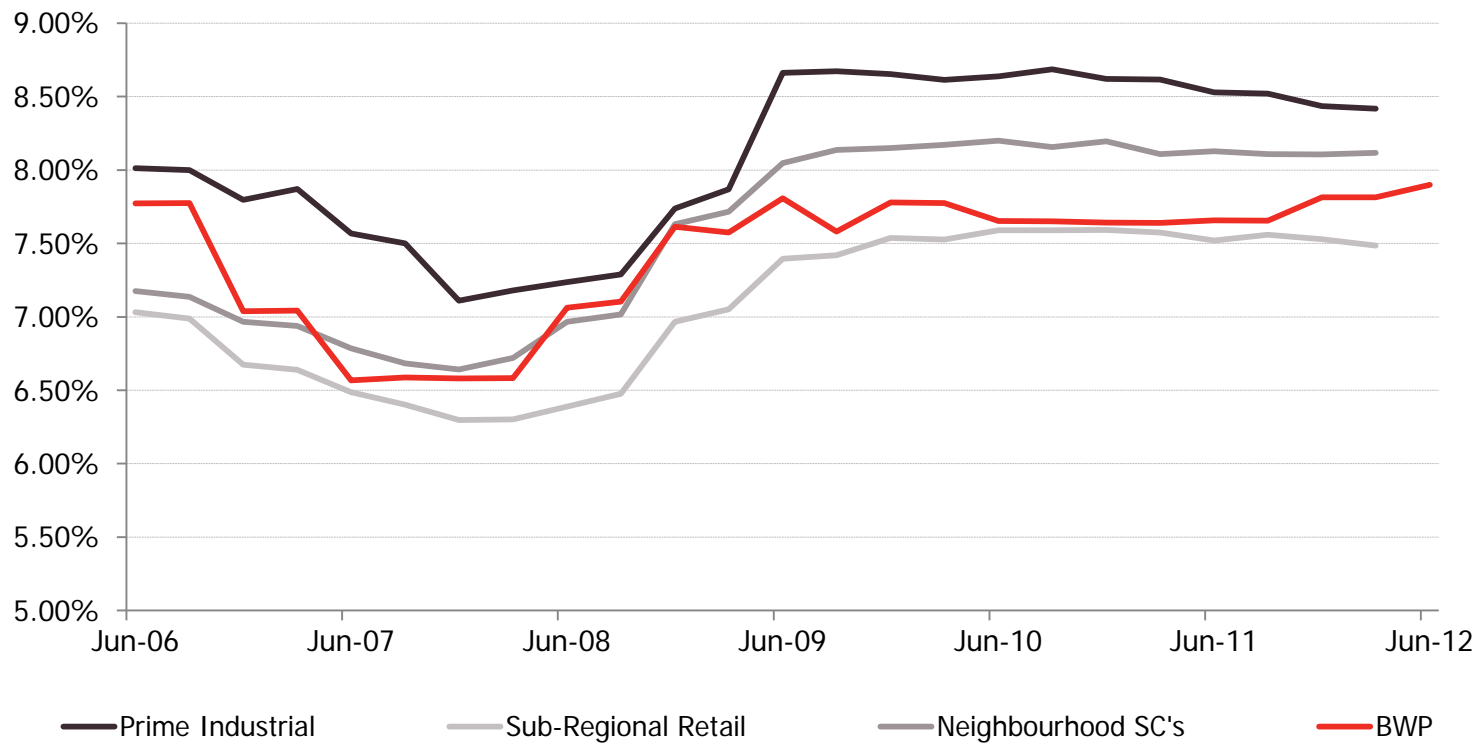
- > 10 independent valuations in June 2012 (14% of BWP portfolio)
 - average cap rate 7.95%
 - average cap rate 7.78% (excluding Hemmant industrial property)

- > 61 internal valuations in June 2012
 - average cap rate 7.89%
 - average cap rate 7.85% (excluding all industrial properties)

Portfolio – revaluations

Historical BWP cap rate compared to other asset classes

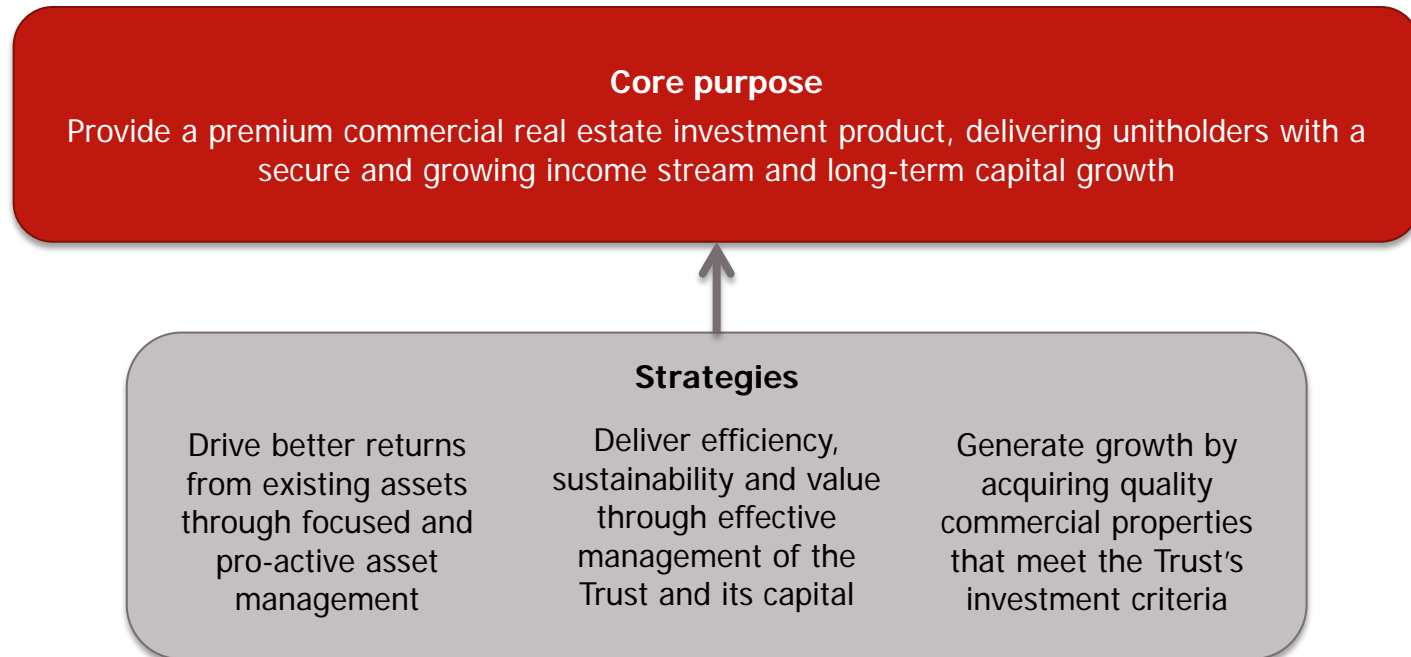
Cap rate



Source: IPD Research

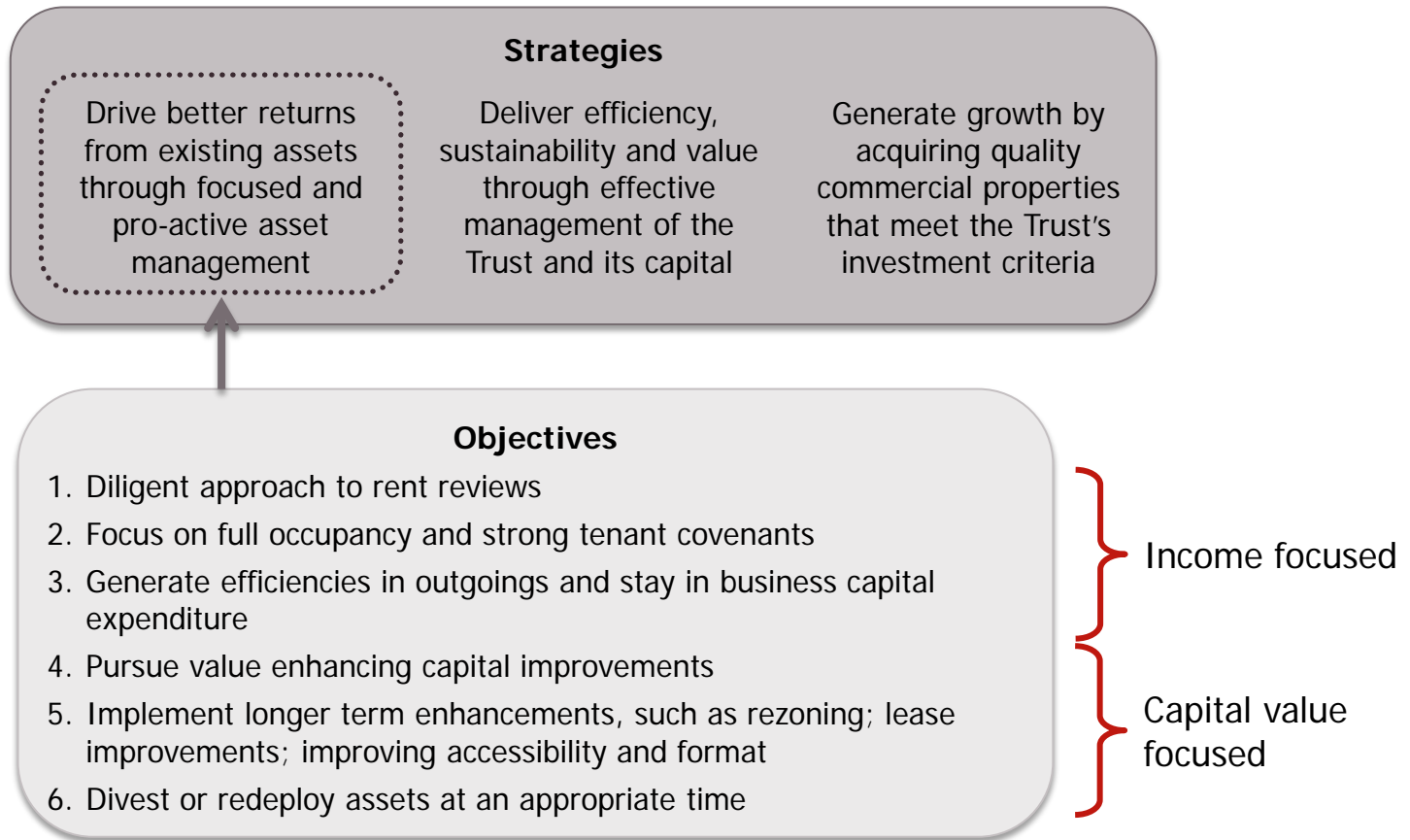
Strategy – strategic direction

- > 3 main strategies directed towards BWP's core purpose



Strategy – asset management

- > Extract more from existing assets



Strategy – asset management

> Capital committed to acquisitions & developments

	Property	Date	Capital expenditure (\$m)	
Acquisitions	Wallsend (land)	Oct 12	2.92 ¹	2.92
Developments	Rocklea	Apr 13	3.83	
	Wallsend	Jun 13	18.52	22.35
Total				25.27

¹ including acquisition costs of \$0.2m

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

	FY13	FY14	FY15	FY16	FY17
BWH rent reviews	8	21	10	7	6
% of total ¹	13%	34%	16%	11%	10%
Portfolio revaluations	15	25	27	15	25
% of total ²	22%	36%	40%	22%	38%

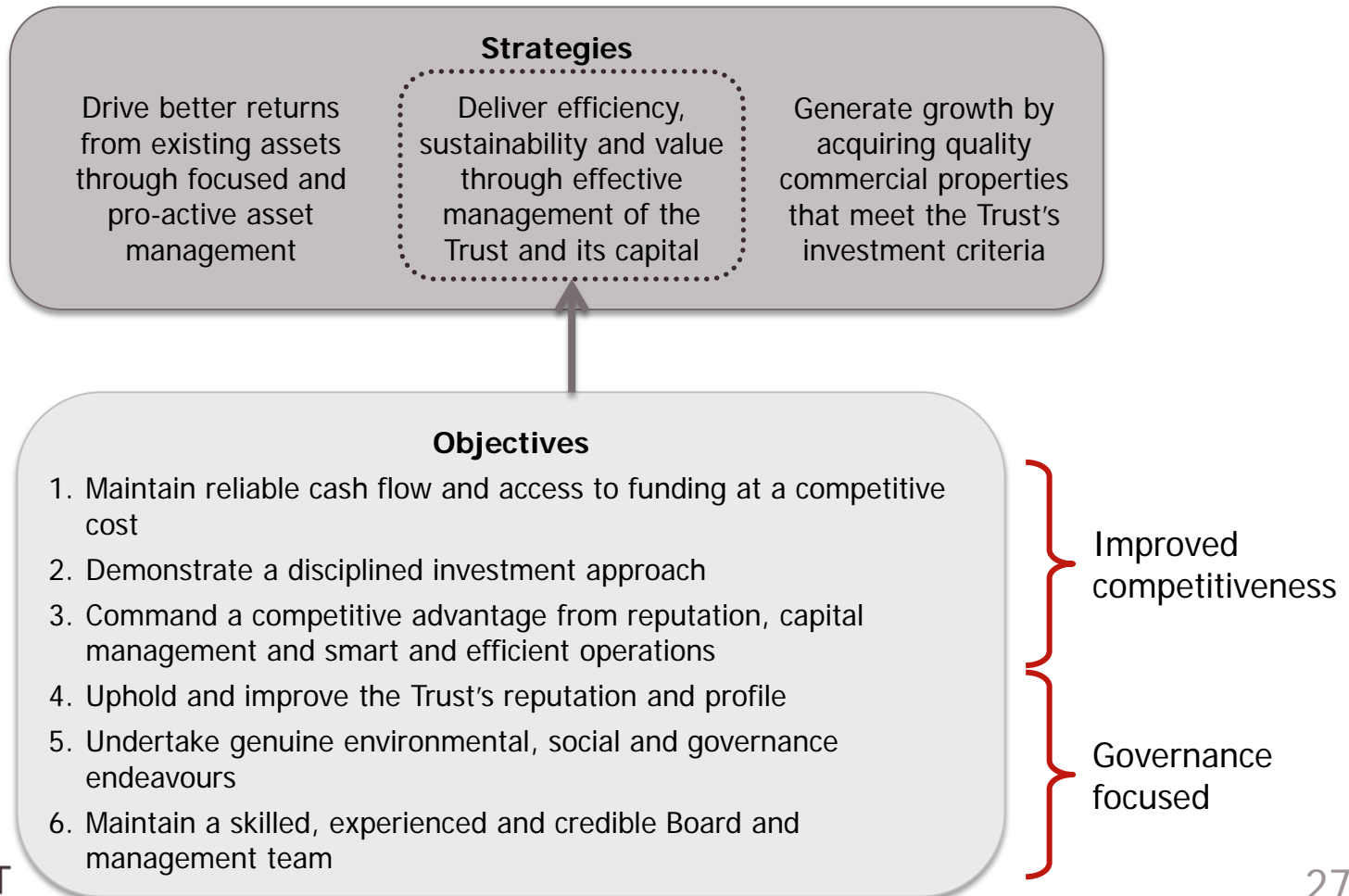
Refer Appendices B and C for outline of valuations and market rent review process

¹ percentages based on number of Bunnings Warehouses as at 30 June 2012

² percentages based on fair value as at 30 June 2012

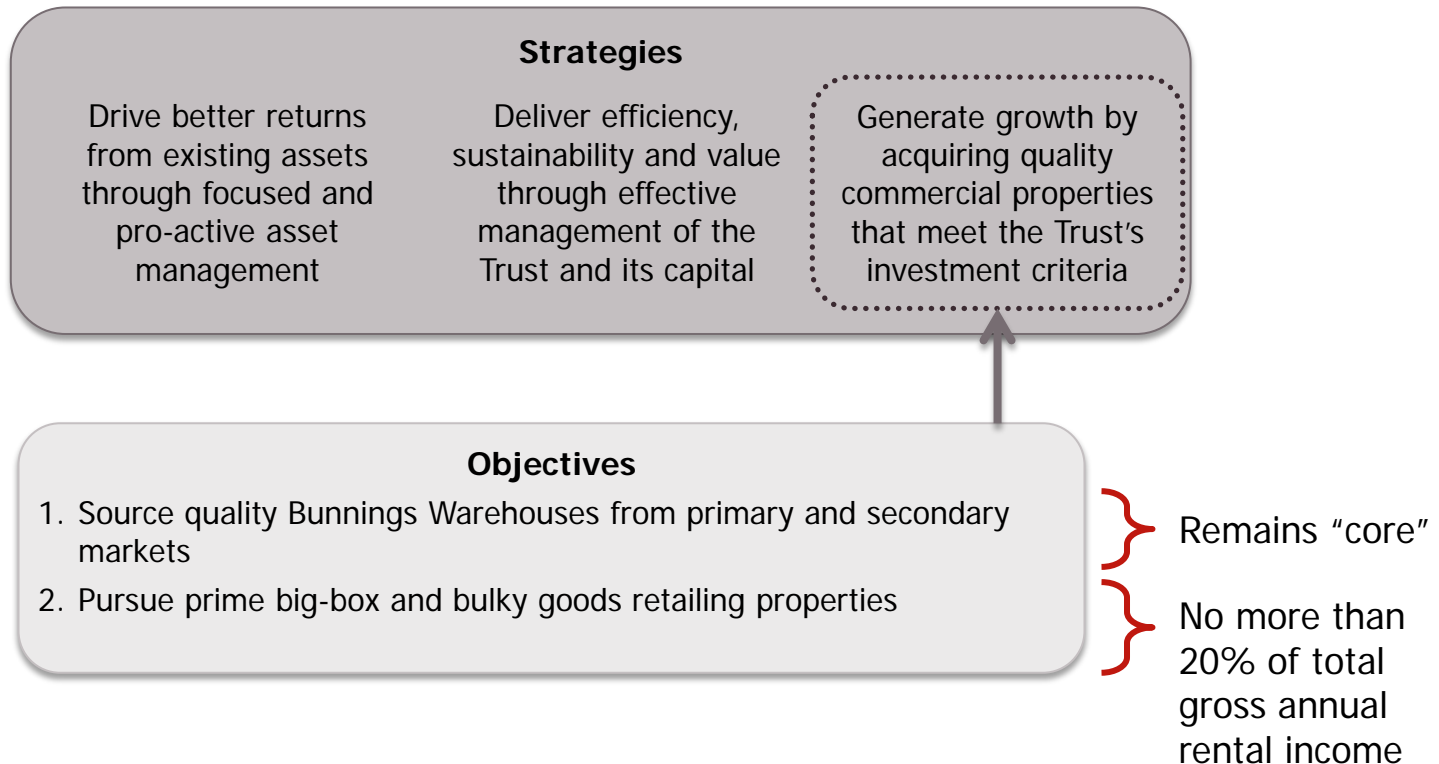
Strategy – stewardship

- > Operate effectively for competitive advantage



Strategy – acquisitions

- > Build the portfolio selectively



Strategy – acquisitions

- > Bunnings Warehouses provide a successful and high profile tenant and attractive property characteristics (strong covenant, long-term leases, low on-going capital and management requirement, moderate purchase price)
- > Bunnings Warehouses remain BWP's primary focus, but some constraints:
 - finite market dependent on expansion of Bunnings' network
 - strong competition for acquisition by private and institutional investors
 - third-party owned Bunnings Warehouses tightly held
- > Access to non-Bunnings properties broadens scope for BWP to continue to deliver income and long-term capital growth
- > Prime bulky goods and other stand-alone big box retailing properties similar to Bunnings Warehouses offer the best fit for BWP, with similar property and investment fundamentals
- > Bulky goods increasingly co-located with Bunnings Warehouses
- > 20% non-Bunnings property income is a limit not an aspiration (not a target, but a ceiling should appropriate non-Bunnings properties become available).
- > Current non-Bunnings income is 5.3% of total property income at 30 June 2012

Strategy – current priorities

Asset management

- > Upgrades of existing properties (to increase income, improve building format, and extend lease expiry)
- > Diligent approach to market rent reviews
- > Consider redeployment or divestment opportunities for properties that have reached optimal value for BWP (crystallise capital growth for unitholders, recycle capital, refine portfolio quality)

Stewardship

- > Improve the efficiency, diversity and duration of debt funding
- > Genuine and relevant sustainability endeavours – improve measurement and reporting, increase understanding and implement practical improvements

Acquisitions

- > Consider quality properties providing earnings accretion
- > Bunnings Warehouses remain main focus
- > Over-riding consideration: secure and growing income stream and long-term capital growth

Capital management

- > Financial strength supported by:
 - low gearing – 21.6% at 30 June 2012 (22.8% covenant gearing)
 - strong lease covenant in Bunnings/Wesfarmers
 - solid rental base with growth from annual CPI and fixed rent reviews
 - low level of maintenance/stay in business capex
- > Extended and expanded bank facilities to provide additional funding security and liquidity
- > Maintaining 100% pay-out ratio of distributable profit
- > Distribution Reinvestment Plan active (26.5% take-up for interim distribution paid in February 2012, a higher take-up is expected for the final distribution)
- > Continuing to consider alternative markets for debt funding:
 - to diversify source and increase tenor
 - recent refinancing means diversifying is driven by opportunity rather than need

Capital management – debt facilities

- > Interest cover: 4.5x at 30 June 2012 (FY11: 4.1x)
- > Net borrowing costs¹ for the year \$20.5m (up 7.5% on FY11):
 - average borrowings \$250.6m (FY11: \$194.2m)
 - 8.0% average rate of net borrowings² after hedging (FY11: 9.2%)
- > 3.8 years average duration following refinancing finalised in January 2012
- > Average utilisation of debt facilities for the year 66.7% (FY11: 58.8%)

As at 30 June 2012	Limit (\$m)	Drawn (\$m)	Expiry
WBC	180	129	22 December 2016
ANZ	150	88	23 January 2017
CBA	100	73	14 January 2014
Total/Average	430	290	3.8 years

1 net borrowing costs = all finance costs incurred during the period, including fixed and floating interest, bank fees and margins and amortised facility establishment fees, less finance income

2 average rate of net borrowings = net borrowing costs/average borrowings during the period

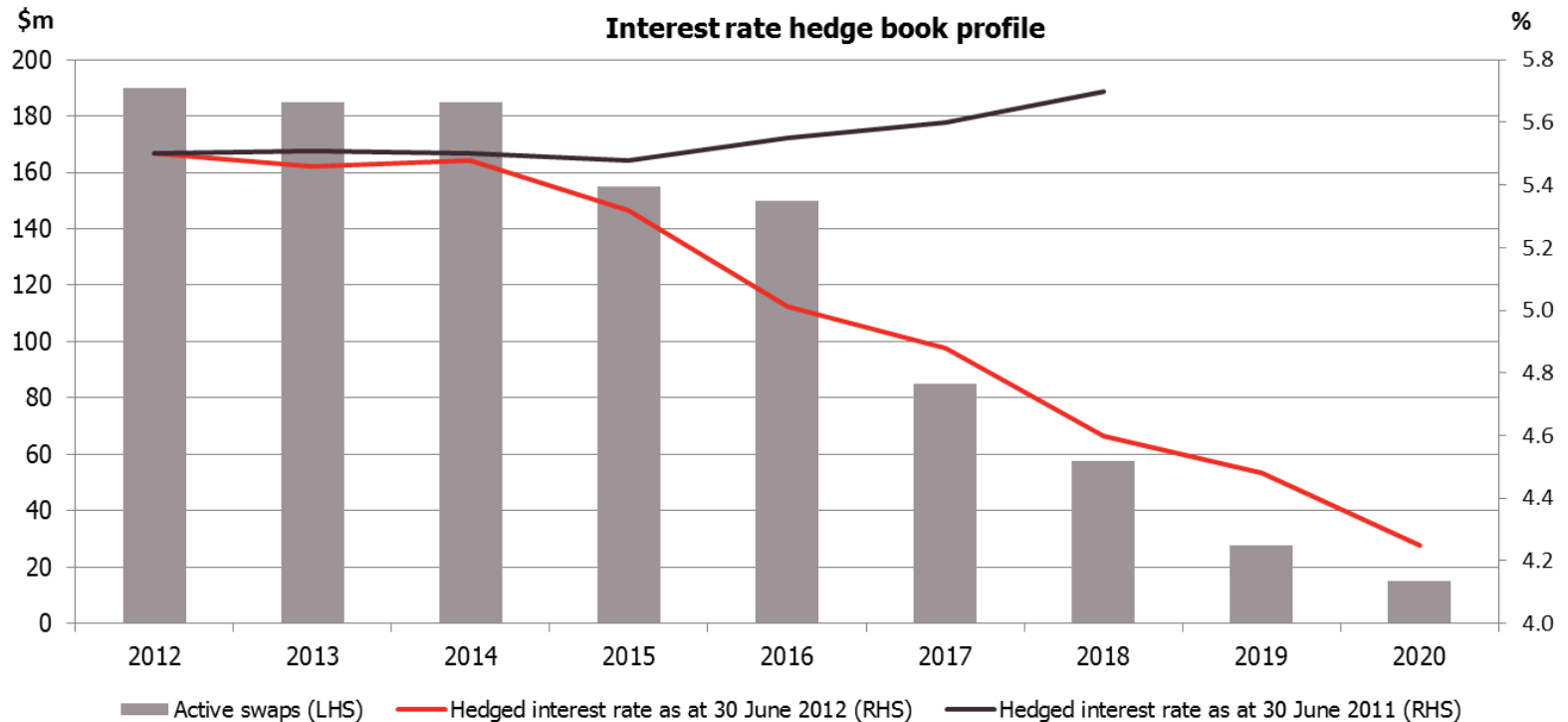
Capital management – interest rate hedging

- > \$190.0m hedged (66%) at 5.28% weighted average including delayed starts
- > 4.05 years weighted average maturity, including delayed starts (2011: 3.34 years)

Hedge book profile by half-year ending:	Jun 12	Dec 12	Jun 13	Dec 13	Jun 14	Dec 14	Jun 15
Active swaps (\$ m)	190	185	185	185	185	185	155
Swap rates (%)							
Maximum	5.82	5.77	5.77	5.77	5.77	5.77	5.70
Minimum	5.15	5.15	5.15	5.15	5.15	5.15	4.85
Weighted average¹	5.50	5.49	5.46	5.49	5.48	5.47	5.32

¹ weighted average at balance date of active swaps to maturity

Capital management – interest rate hedging



Restructuring is not considered as delivering sustained benefits:

- > EPU and DPU neutral at best
- > terminating “out of money” swaps crystallises the unrealised loss, which would revert to zero if run to their full term
- > the costs to terminate swaps would be debt funded, which would incur additional future interest to be paid on those funds

...but, have taken advantage of low forward yields to enter into \$50m of delayed-start swaps

Outlook

- > **Improve the efficiency, security and flexibility of funding**
 - Alternate sources of debt capital
 - Manage debt facilities to balance the need for financial flexibility by maintaining sufficient liquidity and cost efficiency by not holding excess funding capacity
 - Maintain hedging in the target range of 50-75% of borrowings
 - Improve duration and fixed rate of borrowings through lower longer-term swap rates

- > **Portfolio**
 - Consider quality Bunnings Warehouses and prime bulky goods properties
 - Rental income growth from recent acquisitions and upgrades, scheduled annual rental escalations and market rent reviews
 - Further tenant-driven upgrades will be considered to improve earnings, value and portfolio quality
 - More active asset management as the portfolio grows and matures, including assessing opportunities to divest/redeploy properties (none imminent)

Further information

Visit: www.bwptrust.com.au

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Appendix A: Lease expiry profile data table

Year	Year End	Total Lease Expiries	Total Rental Income (\$)	Rental Income (% of Total)	Bunnings (%)	Industrial (%)	Showrooms (%)
	Vacant	0	0	0.0%	0.0%	0.0%	0.0%
1	30-Jun-13	1	425,984	0.4%	0.0%	0.0%	0.4%
2	30-Jun-14	8	7,468,971	7.2%	5.5%	1.2%	0.4%
3	30-Jun-15	0	0	0.0%	0%	0%	0%
4	30-Jun-16	8	3,903,643	3.7%	3.0%	0.0%	0.7%
5	30-Jun-17	5	3,552,693	3.4%	2.5%	0.8%	0.1%
6	30-Jun-18	9	8,583,085	8.2%	7.4%	0.1%	0.7%
7	30-Jun-19	15	16,770,425	16.1%	15.2%	0.7%	0.1%
8	30-Jun-20	7	9,447,408	9.1%	9.1%	0.0%	0.0%
9	30-Jun-21	13	20,575,649	19.8%	19.8%	0.0%	0.0%
10	30-Jun-22	10	15,207,367	14.6%	14.6%	0.0%	0.0%
	Beyond	10	18,196,006	17.5%	17.5%	0.0%	0.0%
	TOTAL	86	104,131,232	100%	94.7%	2.8%	2.5%

Appendix B: Valuations

> Process

- entire portfolio revalued every 6 months
- independent valuations on a 3 year cycle for each property
- balance of portfolio – directors' valuation using recognised valuation methodology
- directors' valuations methodology reviewed by an independent valuer and have regard to market evidence and the independent valuations completed at the time

> Valuations at 30 June 2012 by State/Territory

	No. of properties	Rental \$m/annum	Cap rate	Value \$m
VIC	23	37.9	7.81%	487.6
NSW/ACT	17	22.3	8.00%	284.3
QLD	13	20.7	8.15%	227.4
WA	15	19.2	7.78%	250.1
SA	3	4.0	7.68%	49.6
Total	71	104.1	7.91%	1,299.0

Excluding development site at Maribyrnong (\$7.6m) and subject to rounding

Appendix C: Typical lease structure

- > Typical Bunnings Warehouse lease in BWP portfolio features:
 - Minimum 10 year initial term (plus 5-year tenant options)
 - 5-yearly market rent reviews (majority uncapped)
 - annual CPI or 3% escalation
 - Wesfarmers covenant (A- (stable) credit rating)
- > Typical Bunnings Warehouse market rent review clause
 - assumes free and open market with vacant possession
 - has regard to the rent paid by Bunnings at other Bunnings Warehouses
 - has regard to the rental value of other properties of a similar size and similar standard of construction and used for similar purposes
 - no regard to store turnover (i.e. no turnover or percentage rent)
- > Market rent review process
 - Trust's asking rent based on advice from an independent valuer
 - negotiation period with Bunnings
 - if not agreed with Bunnings then referred to determination
 - determination by independent valuer jointly agreed or nominated by the President of the Australian Property Institute
 - results binding

Appendix D: FY13 rent reviews

> Rent review type FY13

	First half	Second half	% of rental income ²
CPI	35 ¹	16	67%
Fixed	6	18	21%
Market	5	6	12%
Total	46	40	100%



Market rent reviews
Pacific Labs, Blackburn, VIC
Spotlight Browns Plains, QLD
Dandenong, VIC
Hervey Bay, QLD
Fyshwick, ACT
Artarmon, NSW
Belrose, NSW
Cairns, QLD
Wollongong, NSW
The Good Guys Browns Plains, QLD
Port Melbourne, VIC

¹ 27 CPI reviews completed H1 FY12 with average 1.38% increase

² percentage based on portfolio rental as at 30 June 2012