FULL-YEAR RESULTS TO 30 JUNE 2021

August 2021

bwp TRUST

For personal use only

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.

personal use only

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 11-17

Core portfolio
slides 18-23

Divestments
slides 24-26

Alternative use properties
slides 27-28

Capital management
slides 29-32

Outlook
slides 33-34

personal use only

SUMMARY

ersonal use only

2021 FULL-YEAR RESULTS AT A GLANCE

$152.2m ▼	$117.5m	18.29cpu	$3.29 ▲	15.1% pa
Total income 2.3%[1]	Dist. Profit	Ordinary distribution	NTA 7.5%[1]	10 yr total return

PORTFOLIO PERFORMANCE	PORTFOLIO MANAGEMENT	CAPITAL MANAGEMENT
1.6% like-for-like rental growth	New leasing arrangements in place for Port Macquarie, Cairns, Belmont North and Midland	A- S&P rating/ A3 Moody's rating
$149.2 million[2] portfolio revaluation uplift	16 market rent reviews completed with rents broadly in line with market	17.7% gearing
5.65% portfolio cap rate	10 Bunnings Warehouse options exercised	$135m and $110m bank facilities extended by a further year each and additional $100m MTN issued. A $110m five-year forward start facility put in place
4.2 years portfolio weighted average lease expiry ("WALE")	97.8% leased	3.3% cost of debt at 30 June 2021

[1] In comparison to prior corresponding period.

[2] Gross $150.9 million revaluation gain before straight-lining of rent.

personal use only

CLIMATE RISK AND SUSTAINABILITY ACTIONS

- Completed review of boundaries for Scope 1 and 2 emissions, taking into account structure and operational control
- Operational carbon emissions of 177 tonnes of CO^2 for FY2021. Purchasing Australian Carbon Credit Units ("ACCUs") to offset the residual emissions
- Solar power generation installed at three properties during the year, 23 solar installations now completed
- 96% of properties have LED lighting in one or more of car park, nursery trading area, canopy trading area, or main store
- Completed climate change analyses for 2^0C and 4^0C temperature change scenarios, potential impacts not considered a material business risk



ersonal use only

RESULTS

ersonal use only

2021 FINANCIAL PERFORMANCE VS PCP

	FY21	PCP[1]
Total revenue ($m)	152.2	155.8
Management expense ratio (%)	0.63	0.64
Other expenses ($m)	8.6	8.8
Net profit[2] (excluding revaluations) ($m)	114.0	117.1
Number of units on issue (m)	642.4	642.4
Full-year ordinary distribution (cents per unit)	18.29	18.29
Total assets ($m)	2,674.6	2,552.6
Borrowings ($m)	474.7	503.2
Net tangible assets ($ per unit)	3.29	3.06
Gearing (debt to total assets) (%)	17.7	19.7

[1] pcp: prior corresponding period, being the 12 months ended 30 June 2020 or as at 30 June 2020 as relevant.
[2] Excludes any capital profits released.

personal use only

2021 FINANCIAL PERFORMANCE
SIX MONTHLY

	6 months to Jun 2021	6 months to Dec 2020	6 months to Jun 2020
Total revenue ($m)	76.1	76.1	79.5
Management expense ratio[1] (%)	0.63	0.64	0.64
Other expenses ($m)	4.3	4.3	4.6
Distributable amount ($m)	59.6	57.9	59.5
Property revaluation gains[2] ($m)	62.1	87.1	15.1
Net profit including property revaluations ($m)	119.2	144.0	75.0
Number of units on issue[3] (m)	642.4	642.4	642.4
Six months distribution (cents per unit)	9.27	9.02	9.27
Total assets[3] ($m)	2,674.6	2,596.1	2,552.6
Borrowings[3] ($m)	474.7	462.2	503.2
Weighted average cost of debt[4] (pa) (%)	3.12	3.16	3.19
Net tangible assets[3] ($ per unit)	3.29	3.20	3.06
Weighted average cap rate[3] (%)	5.65	5.84	6.08

[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.

personal use only

2021 FINANCIAL PERFORMANCE
FIVE YEAR PERFORMANCE

	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue ($m)	152.2	155.8	156.3	153.4	152.5
Distributable profit[1] ($m)	117.5	117.5	116.4	114.4	112.5
Total assets ($m)	2,674.6	2,552.6	2,382.3	2,369.5	2,312.8
Borrowings ($m)	474.7	503.2	412.7	457.6	471.1
Gearing (debt to total assets) (%)	17.7	19.7	17.3	19.3	20.4
Weighted average cost of debt[2] (%)	3.1	3.4	4.3	4.6	4.6
Weighted average cap rate (%)	5.65	6.08	6.30	6.48	6.59
Management expense ratio[3] (%)	0.63	0.64	0.62	0.60	0.60
Total ordinary distribution (cents per unit)	18.29	18.29	18.11	17.81	17.51

[1] Includes any capital profits released relating to ordinary distributions (FY2021: $3.5 million; FY2020: $0.4 million; FY2019: $0.5 million; FY2018: $1.2 million).

[2] Finance costs divided by average borrowings.

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

ersonal Use Only

PORTFOLIO

ersonal use only

BUNNINGS MARKET RENT REVIEW OUTCOMES

- Annual like-for-like rental growth across portfolio 1.6 per cent
- 13 Bunnings market rent reviews were finalised during the year

Property Location	Passing rent ($pa)	Reviewed rent ($pa)	Variance (%)	Effective date
Wollongong, NSW[1,2]	1,469,571	1,405,000	(4.4)	9-Feb-18
Villawood, NSW[1,3]	1,738,610	1,827,000	5.1	14-May-18
Browns Plains, QLD[2,4]	1,791,153	1,793,000	0.1	7-May-19
Thornleigh, NSW[3,5]	1,420,291	1,420,291	-	6-Sep-19
Maitland, NSW[3,5]	1,451,887	1,451,887	-	18-Oct-19
Albany, WA[2,5]	904,854	790,000	(12.7)	1-Nov-19
Bibra Lake, WA[2,5]	1,757,639	1,671,000	(4.9)	1-Nov-19
Noarlunga, SA[2,5]	1,581,718	1,650,000	4.3	1-Nov-19
Mornington, VIC[2,5]	1,760,103	1,800,000	2.3	13-Dec-19
Morayfield, QLD[2,5]	1,894,531	1,880,000	(0.8)	22-Mar-20
Mile End, SA[2,5]	2,504,634	2,542,845	1.5	23-Mar-20
Vermont South, VIC[3]	2,296,981	2,296,981	-	15-Aug-20
Northland, VIC[3]	2,029,869	2,029,869	-	19-Aug-20
Total	**22,601,840**	**22,557,873**	**(0.2)**	

[1] Market rent review was due during the year ended 30 June 2018, 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 agreed between the parties

[4] Market rent review was due during the year ended 30 June 2019, but the outcome was only finalised during the current financial year

[5] Market rent review was due during the year ended 30 June 2020, but the outcome was only finalised during the current financial year

personal use only

RENT REVIEWS FY2021

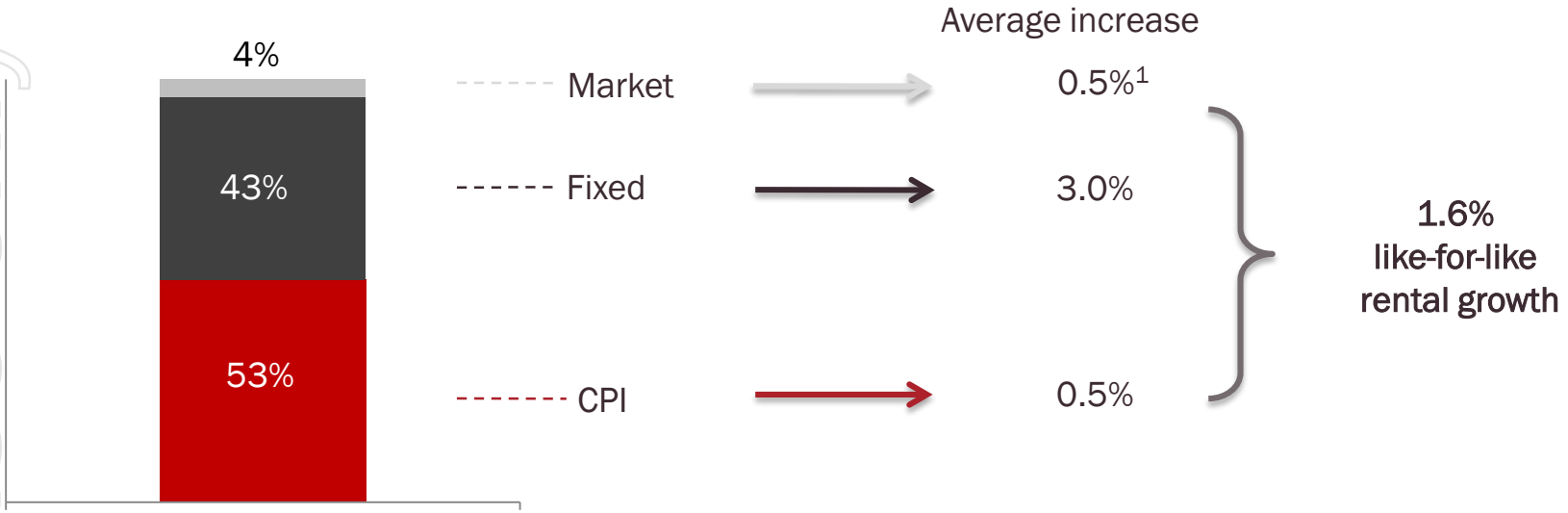
- Two market rent reviews due during the 12 months to 30 June 2020 and 11 due during the 12 months to 30 June 2021 are being negotiated or determined by independent valuers and remain unresolved

	First-half	Second-half	% of Rental Income[1]
CPI	18	16	38
Fixed	26	15	42
Market	10	6	20
Total	**54**	**37**	**100**

[1] Based on portfolio rental as at 30 June 2021.

personal use only

LIKE-FOR-LIKE RENTAL GROWTH FY2021



Year ended 30 June (%)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Rental growth[2]	1.6	2.1[3]	2.3	2.5	2.1	2.4	2.9	4.0	2.1	4.0
CPI Growth[4]	0.5	1.6	2.0	2.0	1.4	1.6	2.5	2.3	1.7	3.4

[1] All finalised market rent reviews relating to the year ending 30 June 2021.

[2] 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.

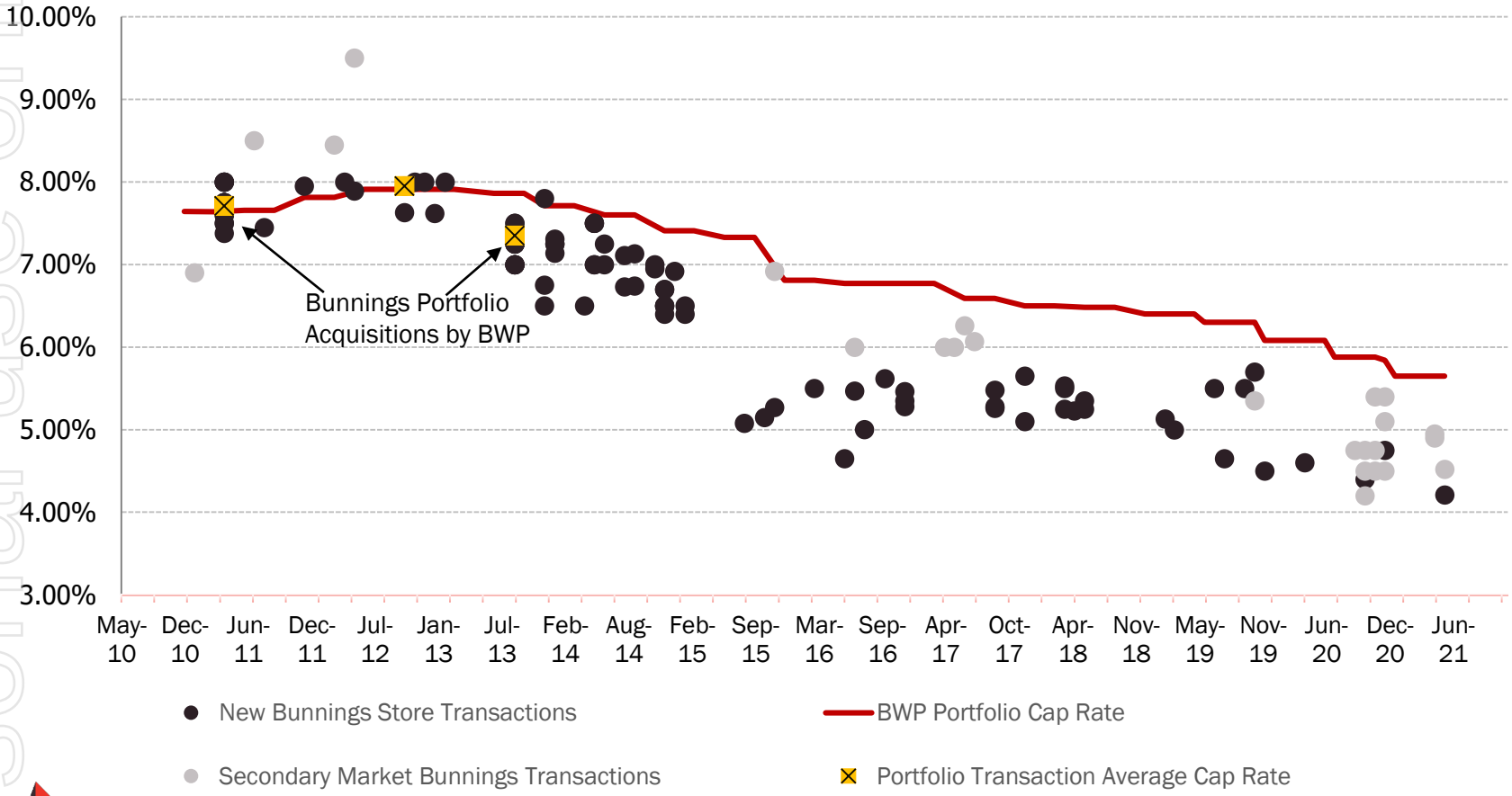
[3] Amended from 2.4 per cent to take into account market rent reviews finalised post year end.

[4] Reflects the annual average like-for-like growth resulting from CPI rent reviews completed during each period.

personal use only

CAPITALISATION RATE TRENDS

> Four Bunnings Warehouse transactions in the last six months, the most recent on a cap rate of 4.2 per cent



personal use only

REVALUATIONS JUNE 2021

ersonal use only

- June 2021 weighted average capitalisation rate 5.65 per cent (Dec 2020: 5.84 per cent)
  - Eight independent valuations (11 per cent of BWP portfolio value), average cap rate 5.76 per cent
  - 66 internal valuations average cap rate 5.64 per cent
  - Stand alone Bunnings Warehouses weighted average cap rate of 5.48 per cent
  - Cap rate movement; 24 properties decreased, 42 properties no change and eight properties increased
- FY2021 gross fair value gain of $150.9[1] million on revaluation
  - Rental growth and cap rate compression equally contributed to the net fair value gain during the period

Revaluations by state 30 June 2021	No. of properties	Rental $m/annum[2]	Cap rate (%)	Value ($m)
NSW/ACT	18	36,592	5.65	633.6
QLD	18	38,736	5.70	650.2
SA	2	4,209	5.76	72.0
VIC	20	47,560	5.25	884.7
WA	16	24,336	6.47	395.6
Total/ *weighted average*	**74**	**151,434**	***5.65***	**2,636.1**

[1] Gross movement in valuations; statutory accounts reflect a $149.2 million revaluation gain after adjustments made for straight-lining of rent.
[2] Subject to rounding.

INDEPENDENT REVALUATIONS JUNE 2021

Property	State	Dec 2020 Cap Rate (%)	Dec 2020 Valuation ($m)	Jun 2021 Cap Rate (%)	Jun 2021 Valuation ($m)	Cap rate movement (%)	Valuation movement ($m)	Jun 2021 Term Certain (years)
Lismore	NSW	5.50	26.7	5.50	26.5	-	(0.2)	6.2
Wallsend	NSW	5.50	40.4	5.00	45.5	(0.50)	5.1	2.9
Gladstone	QLD	6.75	46.0	6.25	51.0	(0.50)	5.0	2.5
Southport	QLD	5.75	27.9	5.50	29.4	(0.25)	1.5	2.4
Bayswater	VIC	6.00	43.3	5.25	50.2	(0.75)	6.9	3.4
Balcatta	WA	5.50	40.9	5.50	40.9	-	-	2.2
Joondalup	WA	7.25	16.2	7.75	15.0	(0.50)	(1.2)	2.2
Mandurah	WA	7.25	20.7	7.25	21.4	-	0.7	7.6
Total/ *average*[1]		*6.07*	262.1	*5.76*	279.9	*(0.31)*	17.8	*3.3*

[1] Figures subject to rounding.

personal use only

CORE PORTFOLIO

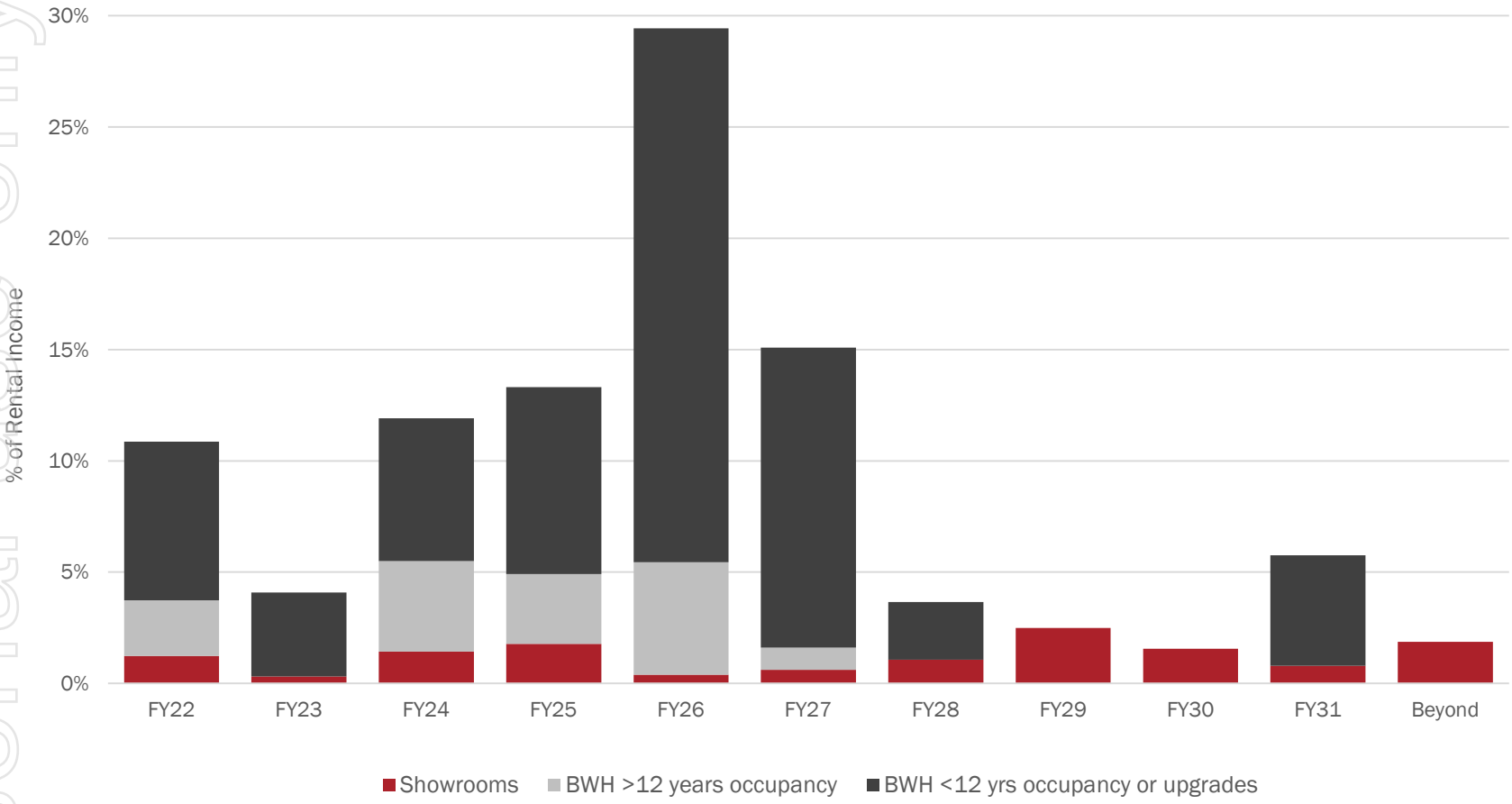
ersonal use only

CORE PORTFOLIO SUMMARY

64 properties	**4.4 years** portfolio WALE	**3.3 ha** average land area
14,240 m² average lettable area	**84%** metro located properties	**71%** upgrade properties or occupied <12yrs
	5.50% weighted average cap rate	

Personal use only

WEIGHTED AVERAGE LEASE EXPIRY PROFILE



ersonal use only

BUNNINGS LEASE EXPIRIES
NEXT THREE YEARS

Property	Lease expiry	Options	Rent ($'000pa)	Comments
Geraldton	Dec 2021	2 x 5 yrs	1,350	Notification required by Sep 2021
Mornington	Dec 2021	2 x 5 yrs	1,812	Notification required by Sep 2021
Frankston	Dec 2021	2 x 5 yrs	2,156	Notification required by Sep 2021
Gladstone	Feb 2022	3 x 5 yrs	1,386	Notification required by Nov 2021
Greenacre	Apr 2022	5 x 5 yrs	2,955	Notification required by Oct 2021
Craigieburn	May 2022	5 x 5 yrs	1,827	Notification required by Nov 2021
Scoresby	May 2022	2 x 5 yrs	2,008	Notification required by Feb 2022
Hervey Bay	Dec 2022	1 x 5 yrs	1,356	Bunnings has obtained DA on adjoining site
Artarmon	Feb 2023	3 x 5 yrs	1,710	Notification required by Nov 2022
Belrose	Feb 2023	3 x 5 yrs	2,113	Notification required by Nov 2022
Wollongong	Feb 2023	2 x 5 yrs	1,459	Notification required by Nov 2022
Balcatta	Sep 2023	10 yrs	2,248	Notification required by Jun 2023
Southport	Nov 2023	10 yrs	1,772	Notification required by Aug 2023
Tuggeranong	Dec 2023	10 yrs	1,843	Notification required by Sep 2023
Cannon Hill	Apr 2024	10 yrs	2,619	Notification required by Jan 2024
Bayswater	Apr 2024	3 x 5 yrs	2,092	Notification required by Jan 2024
Wallsend	May 2024	5 x 5 yrs	2,286	Notification required by Nov 2023
Browns Plains	May 2024	-	1,848	Ongoing discussions with Bunnings

personal use only

CROYDON
UPGRADE COMPLETED

- Upgrade cost of $4.0 million at a funding rate of 5.5 per cent
- Fair value as at 30 June 2021, $46.8 million, an increase of $8.7 million from December 2020
- Upgrade increases the total retail area by 2,190 square metres incorporating an expansion of the timber trade sales and nursery areas
- Completed in March 2021
- Bunnings has entered into a new 10 year lease with existing 10 year option
- Annual CPI reviews with a market rent review on the exercise of the option
- No caps/collars on the market rent review
- No other changes to the existing lease



Personal use only

PORT MELBOURNE
UPGRADE COMPLETED

- Upgrade cost of $6.6 million at a funding rate of 5.5 per cent
- Fair value as at 30 June 2021 $67.5 million, an increase of $12.5 million from December 2020
- Upgrade increases the total retail area by 2,303 square metres incorporating an expansion of the main store and the timber trade sales areas
- Completion in June 2021
- Bunnings has entered into a new 10 year lease with existing 2 x 5 year options
- Annual CPI reviews with a market rent review on the exercise of each option
- 10 per cent cap, 5 per cent collar per existing lease to remain on the market rent reviews
- No other changes to the existing lease



Personal Use Only

DIVESTMENTS

ersonal use only

UNDERWOOD, QLD
DIVESTMENT

- Sold to a private owner occupier following a public expressions of interest campaign – settled May 2021
- Strong returns achieved as a Bunnings Warehouse (refer table below)
- Bunnings relocated to a nearby site in 2018
- Pursued a number of re-development options, including for retail, large format retail, medical, self-storage, industrial and last mile logistics – divestment yielded the best outcome

Outcome	
Purchase date	October 1998
Purchase price	$9.1 million
Additional capital invested	$0.5 million
Total invested capital	$9.6 million
Total rent received	$24.4 million[1]
Average annual rent growth since inception	3.3% (CAGR)
Sale price	$16.0 million

[1] Excludes $1.7 million in forfeited deposit relating to a previous divestment that did not proceed.



personal use only

MINDARIE, WA
DIVESTMENT

- Sold to Fabcot for Woolworths anchored shopping centre – settled July 2021
- Strong returns achieved as a Bunnings Warehouse (refer table below)
- Bunnings relocated to a nearby site in 2014 and has paid rent up until settlement in July 2021
- Pursued a number of redevelopment options, including for retail, large format retail, medical, self-storage, industrial and last mile logistics – divestment yielded the best outcome

Outcome	
Purchase date	September 2001
Purchase price	$9.8 million
Additional capital invested	$0.6 million
Total invested capital	$10.4 million
Total rent received	$27.4 million
Average annual rent growth since inception	3.3% (CAGR)
Sale price	$14.5 million



personal use only

ALTERNATIVE USE PROPERTIES

ersonal use only

ALTERNATIVE USE PROPERTIES UPDATE

Property	Lease expiry[1]	Comments
Cairns	Expired	Non-binding agreement entered into for use as a film studio; finalising development options on surplus land
Morley	Expired	Leasing campaign underway for lifestyle/leisure redevelopment
Belmont North	Expired	Site leased for up to two years for mass vaccination hub; property recently rezoned to allow for a supermarket and other retail shops, we expect to lodge a development application in FY2022
Port Kennedy	Expired	Leasing campaign underway for large format retail redevelopment
Midland	Sep 2021	Site re-leased to car dealership commencing immediately after Bunnings lease expiry
Hervey Bay	Dec 2022	Leasing campaign underway for large format retail redevelopment
Albany	Oct 2024	Considering redevelopment/divestment options
Northland	Aug 2025	Considering redevelopment/rezoning options
Wagga Wagga	Mar 2026	Considering redevelopment options

[1] End of the current Bunnings lease term.

personal use only

CAPITAL MANAGEMENT

ersonal use only

DEBT FACILITIES

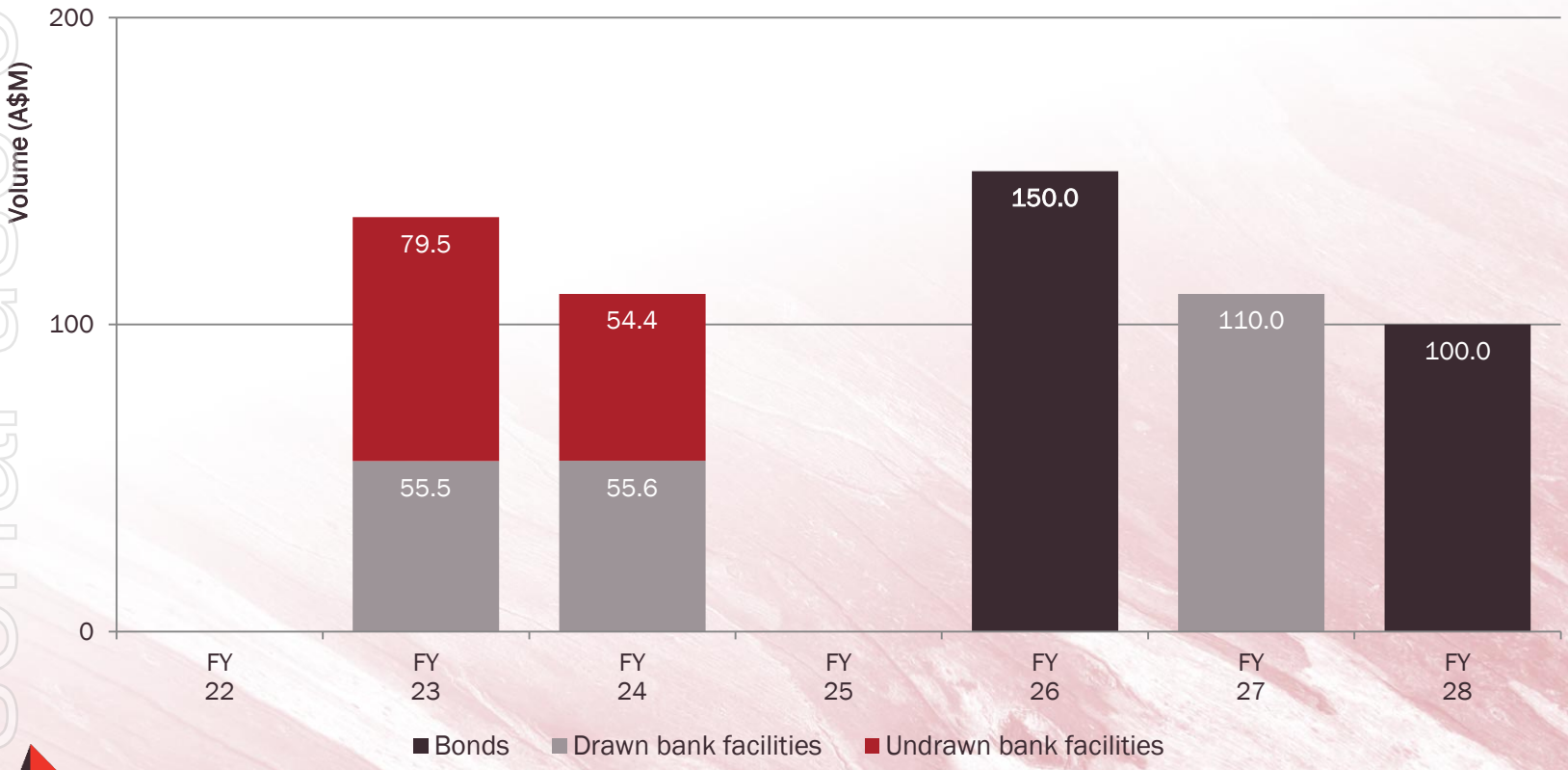
- Average borrowings for the year $477.1 million (up 3.3 per cent on prior corresponding period)
  - 3.1 per cent per annum weighted average cost of debt after hedging (2020: 3.4 per cent per annum)
  - Borrowing costs for the year $15.0 million (down 3.6 per cent on prior corresponding period)
- Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement. Both the CBA and WBC facilities were extended for a further year during the reporting period
- A new seven-year $100 million bond issued in March 2021
- Sumitomo Mitsui Banking Corporation ("SMBC") debt facility was restructured, with facility limit increased from $100 million to $110 million, with the facility now a five-year forward start facility. Restructure was completed to refinance the MTN maturing in May 2022
- Interest cover: 8.8 times at 30 June 2021 (2020: 8.6 times)
- Gearing 17.7 per cent at 30 June 2021 (2020: 19.7 per cent)
- A- / Stable S&P rating and A3 Moody's rating

As at 30 June 2021	Limit ($m)	Drawn ($m)	Expiry
CBA	110	56	31 July 2023
WBC	135	55	30 April 2023
Corporate bonds – five-year	110	110	11 May 2022
Corporate bonds – seven-year	150	150	10 April 2026
Corporate bonds – seven-year	100	100	24 March 2028
Total/ *weighted average*	605	471	*3.2 years*

personal use only

DEBT DURATION
REFINANCED DEBT MATURITY PROFILE

> The graph below shows the debt profile for the Trust, on the basis of the delayed start SMBC facility (see previous slide) being drawn down to repay the $110 million MTN maturing in May 2022



Personal use only

INTEREST RATE HEDGING

Hedge book profile by half-year ending		Jun 2021	Dec 2021	Jun 2022
Active swaps ($m)		70	40	-
Swap rates (%)	Maximum	2.60	2.60	-
	Minimum	2.39	2.60	-
Weighted average[1]		2.51	2.60	-

- Including fixed rate corporate bonds:
  - $430 million hedged at 1.46[2] per cent weighted average to maturity, at 30 June 2021
  - As at 30 June 2021, the Trust's hedging cover was 91.3 per cent, with a weighted average term to maturity of 3.5 years

[1] Weighted average of active swaps at respective half-year end.

[2] Excludes margins payable on the fixed corporate bonds.

personal use only

OUTLOOK

ersonal use only

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 near term given the ongoing low interest rate environment and strength of the Bunnings covenant attracting strong investor support

Rental growth

> 49 CPI/ 48 fixed rent reviews in FY2022

> Eight Bunnings MRR's to be finalised in FY2022 (in addition to 13 unresolved from FY2021)

Portfolio

> Primary focus for the remainder of the 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

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

personal use only

QUESTIONS?

Personal use only

FURTHER INFORMATION

Responsible entity:

BWP Management Limited

Tel: +61 8 9327 4356

Email: investorrelations@bwptrust.com.au

personal use only