



Full-year results to 30 June 2019

August 2019

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Presentation outline

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- >Summary
- >Results
- >Portfolio
- >Core portfolio
- >Alternative use properties
- >Capital management
- >Outlook

Summary



2019 full-year results at a glance

PORTFOLIO PERFORMANCE		PORTFOLIO MANAGEMENT		CAPITAL MANAGEMENT	
\$156.3m ↑ Total revenue 1.9% ¹		\$116.4m ↑ Dist. amount 1.7% ^{1,2}		18.11 cpu ↑ Ordinary dist. 1.7% ^{1,2}	
				\$2.92 pu ↑ NTA 2.5% ¹	
				15.5% pa 10 yr total return	
2.3% like-for-like rental growth		97.4% leased		1.56 cents special distribution	
\$53.4m³ portfolio revaluation gain		3 properties being repositioned, 2 re-formatted for LFR		A- S&P rating/ A3 Moody's rating	
6.30% portfolio cap rate		4 property divestments completed		17.3% gearing	
4.4 years portfolio WALE		2 properties being rezoned		3.8% cost of debt at 30 June 2019	

¹ In comparison to prior corresponding period

² Excludes special distribution, including amount released from capital profits for the special distribution

³ Gross movement in valuations a \$58.1 million revaluation gain before adjustments made for straight-lining of rent

Bunnings

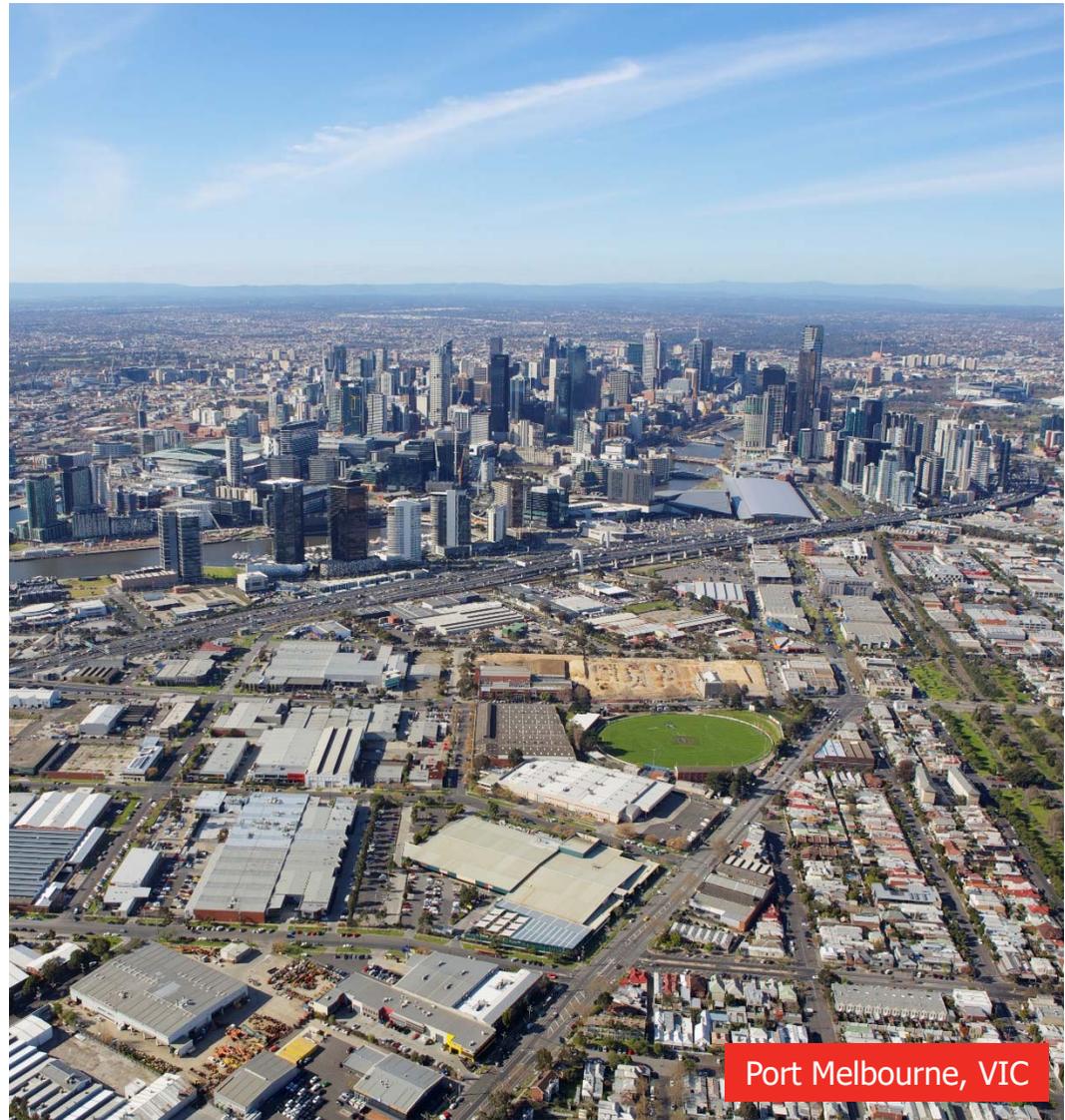
- > 265 Bunnings Warehouse stores across Australia and New Zealand at 31 Dec 2018
- > Half-year revenue of \$6.9 billion, up 5.2 per cent per comparable period
- > Addressable Australian market, sales of \$78 billion per annum
- > **Key strategies:**
 - **Building a stronger offer:** in terms of value offer to customers, new and expanded services, easier and innovative DIY, a wider and more localised range, and improving the physical network
 - **Accelerating trade growth:** in terms of the range, relationships with trade customers, services, and channels to market, and omni-channel
 - **Data and digital:** with a focus on full omni-channel capabilities, more content to inspire and teach DIY, and stronger analytics capabilities
- > **Sustainability priorities:**
 - **Energy:** LED lighting and solar installation at stores
 - **Timber:** responsible sourcing
 - **Waste:** reduced packaging and diversion of waste from landfill
 - **Water:** rainwater collection, water usage, product range (with supporting education and awareness)

Source: Wesfarmers Strategy Briefing Day, 13 June 2019 and Wesfarmers half-year report to 31 December 2018

BWP sustainability and climate risk actions

- > 86 per cent of the Trust's properties have LED lighting in one or more of the car park, nursery trading area, canopy trading area, or in the main store
- > 13 properties in portfolio have solar power generation installed
- > 92 per cent of the properties in portfolio have in place water tanks for the recycling of roof collected rainwater
- > Property energy efficiency will continue to be the main focus
- > Climate risk assessment undertaken for each property in the portfolio annually
- > Currently reviewing management practices and disclosure with reference to Task Force on Climate-related Financial Disclosure recommendations

Results



Financial performance vs PCP¹

	FY2019	PCP
Total revenue	\$156.3m	\$153.4m
Management expense ratio	0.62%	0.60%
Other expenses	\$7.3m	\$6.0m
Distributable profit ² (excluding revaluations)	\$115.9m	\$113.2m
Number of units on issue	642.4m	642.4m
Full-year ordinary distribution per unit	18.11 cents	17.81 cents
Special distribution per unit ³	1.56 cents	-
Total assets	\$2,382.3m	\$2,369.5m
Borrowings	\$412.7m	\$457.6m
Net tangible assets per unit	\$2.92	\$2.85
Gearing (debt to total assets)	17.3%	19.3%

¹ pcp: prior corresponding period, being the 12 months ended 30 June 2018 or as at 30 June 2018 as relevant

² Excludes any capital profits released

³ Following the divestment of four properties during the year ended 30 June 2019, a special distribution has been declared with the release of \$10.0 million of capital profits

Financial performance 6 monthly

	6 months to Jun 2019	6 months to Dec 2018	6 months to Jun 2018
Total revenue	\$77.3m	\$79.0m	\$76.5m
Management expense ratio	0.62%	0.62%	0.60%
Other expenses	\$3.8m	\$3.5m	\$3.0m
Distributable amount ¹	\$59.0m	\$57.4m ²	\$56.8m
Property revaluation gains	\$33.3m ³	\$20.1m ³	\$23.0m
Net profit including property revaluations	\$90.5m	\$78.9m	\$79.7m
Number of units on issue ⁴	642.4m	642.4m	642.4m
Six months distribution ¹ (per unit)	9.18 cents	8.93 cents	9.03 cents
Total assets ⁴	\$2,382.3m	\$2,375.3m	\$2,369.5m
Borrowings ⁴	\$412.7m	\$437.9m	\$457.6m
Weighted average cost of debt ⁵ (p.a.)	4.24%	4.31%	4.46%
Net tangible assets ⁴ (per unit)	\$2.92	\$2.89	\$2.85
NTA per unit excluding hedging liabilities ⁴	\$2.92	\$2.89	\$2.86
Weighted average cap rate ⁴	6.30%	6.40%	6.48%

¹ Excludes special distribution

² Excludes \$1.4 million retained in reserves

³ After adjustments made for the straight-lining of rent

⁴ As at the respective period end rather than for six months to

⁵ Finance costs divided by average borrowings for the six months

* Figures above subject to rounding

Financial summary 5 year performance

	FY2019	FY2018	FY2017	FY2016	FY2015
Revenue	\$156.3m	\$153.4m	\$152.5m	\$150.2m	\$144.9m
Distributable profit ¹	\$116.4m	\$114.4m	\$112.5m	\$107.9m	\$101.6m
Total assets	\$2,382.3m	\$2,369.5m	\$2,312.8m	\$2,200.5m	\$2,018.0m
Borrowings	\$412.7m	\$457.6m	\$471.1m	\$472.3m	\$485.4m
Gearing (debt to total assets)	17.3%	19.3%	20.4%	21.5%	24.1%
Weighted average cost of debt ²	4.3%	4.6%	4.6%	5.0%	5.5%
Weighted average cap rate	6.30%	6.48%	6.59%	6.77%	7.33%
Management expense ratio	0.62%	0.60%	0.60%	0.64%	0.65%
Total ordinary distribution per unit	18.11 cents	17.81 cents	17.51 cents	16.79 cents	15.84 cents

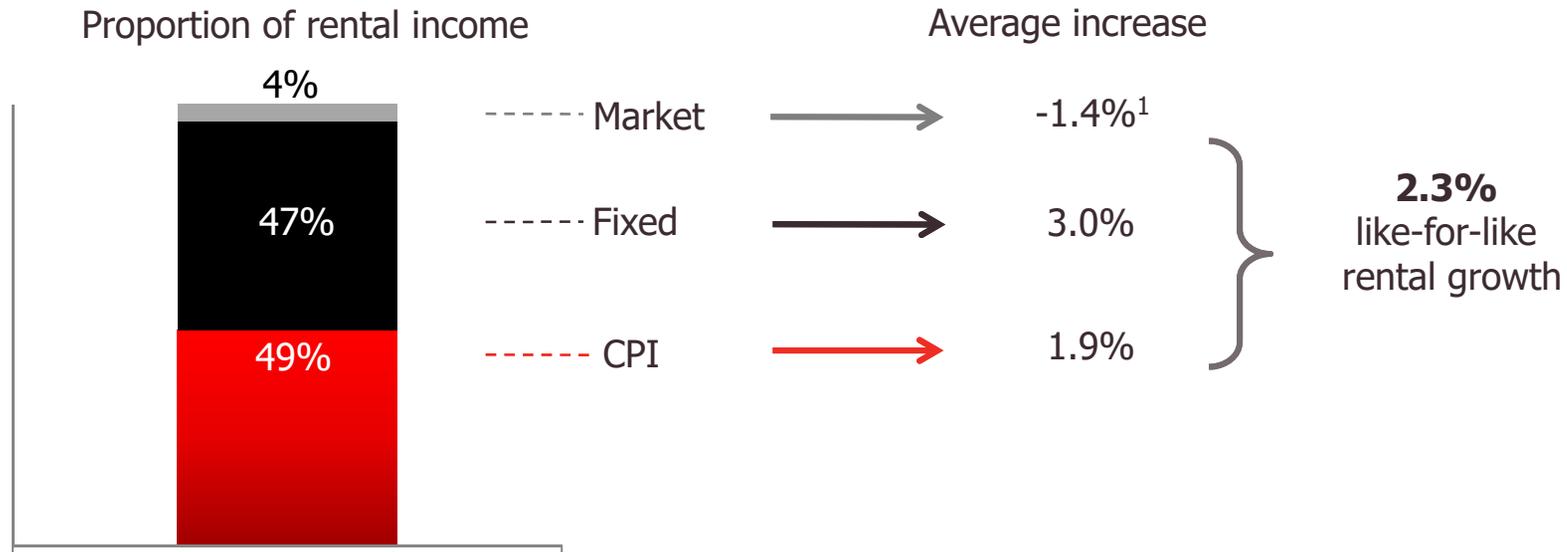
¹ Includes any capital profits released relating to ordinary distributions (FY2019: \$0.45 million; FY2018: \$1.2 million)

² Finance costs divided by average borrowings

Portfolio



FY2019 like-for-like rental growth



Year ended 30 June (%)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental growth ²	2.3	2.4 ³	2.1	2.4	2.9	4.0	2.1	4.0	3.4	2.9
CPI growth ⁴	1.9	2.0	1.4	1.6	2.5	2.3	1.7	3.4	2.9	1.6

¹ All finalised market rent reviews relating to the year ending 30 June 2019

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 2.5 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

Bunnings market rent review outcomes

- > One Bunnings market rent review from FY2019 and two market rent reviews from FY2018 were resolved during the 12 months to 30 June 2019

Property location	Passing rent (\$pa)	Reviewed rent (\$pa)	Effective date
Fyshwick, ACT ^{1,2}	1,233,359	1,233,359	24 Dec 2017
Artarmon, NSW ^{1,3}	1,705,451	1,705,451	9 Feb 2018
Southport, QLD ⁴	1,774,646	1,750,000	10 Nov 2018
	4,713,456	4,688,810	

¹ The market rent review was due during the year ended 30 June 2018, but the outcome of the negotiation was completed during the current financial year

² As part of the market rent review agreement, Bunnings has committed to an additional two years with the lease now expiring in December 2024 and the Trust has given Bunnings a five year option from that date

³ The parties have agreed to waive the subsequent two CPI annual escalations in February 2019 and 2020

⁴ The market rent review was determined by an independent valuer

FY2019 rent reviews

- > Three Bunnings Warehouse market rent reviews due in FY2018¹ and six market rent reviews due in FY2019² currently in negotiation

Rent review type FY2019 (all leases)

	First-half	Second-half	% of rental income ³
CPI	27	18	47%
Fixed	20	26	42%
Market	8	4	11%
Total	55	48	100%

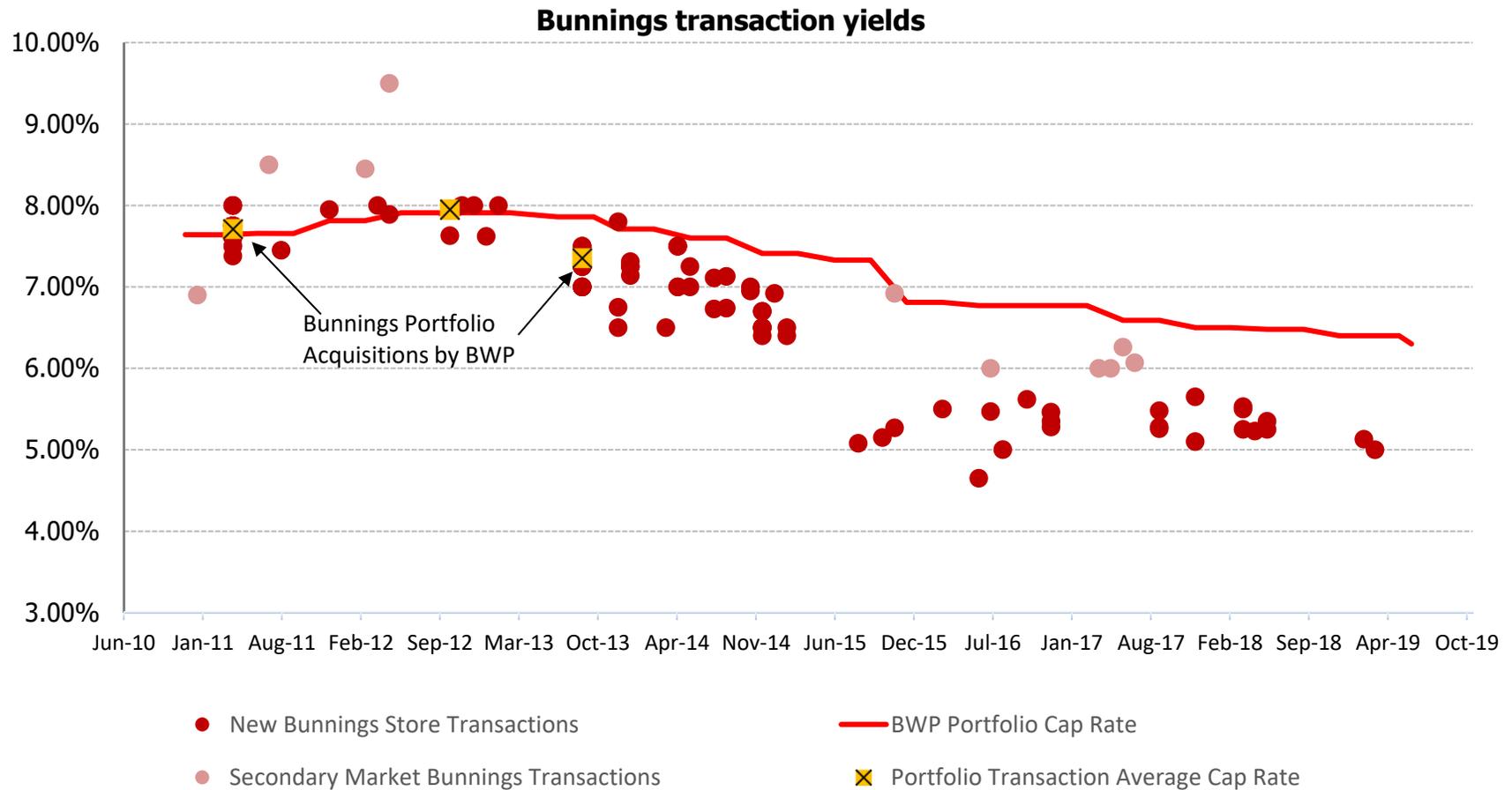
¹ Belrose NSW, Wollongong NSW, Villawood NSW

² Balcatta WA, Coburg VIC, Tuggeranong ACT, Cannon Hill QLD, Bayswater VIC, Browns Plains QLD

³ Based on portfolio rental as at 30 June 2019

Capitalisation rate trends

> New Bunnings Warehouse store yields remain stable in the 5.0 per cent to 5.5 per cent range



June 2019 revaluation

- > June 2019 weighted average capitalisation rate 6.30 per cent (Dec 2018: 6.40 per cent)
 - 14 independent valuations (20 per cent of BWP portfolio value), average cap rate 6.02 per cent
 - 61 internal valuations, average cap rate 6.37 per cent
 - Stand alone Bunnings Warehouses weighted average cap rate of 6.12 per cent
- > FY19 gross fair value gain of \$58.1¹ million on revaluation
 - After adjusting for property divestments, cap rate compression largely contributed to the net fair value gain during the period after the portfolio average cap rate decreased by 18 bps
 - Cap rate movement; 19 properties decreased, 51 properties no change and 5 properties increased

Revaluation by state 30 June 2019	No. of properties	Rental \$/m/annum ²	Cap rate (%)	Value (\$m)
NSW/ACT	18	32.1	6.58	534.4
QLD	19	37.2	6.18	601.6
SA	2	4.1	6.02	67.9
VIC	20	46.2	5.91	759.7
WA	16	26.8	6.93	394.6
Total/ weighted average	75	146.4	6.30	2,358.2

¹ Gross movement in valuations; statutory accounts reflect a \$53.4 million revaluation gain after adjustments made for straight-lining of rent

² Subject to rounding

June 2019 independent valuations

Property	State	Dec 2018 Cap Rate	Dec 2018 Valuation (\$m)	Jun 2019 Cap Rate	Jun 2019 Valuation (\$m)	Cap Rate Movement	Valuation Movement (\$m)	Jun 2019 Term Certain (years)
Rydalmere	NSW	5.50%	57.4	5.25%	62.0	-0.25%	4.6	6.7
Thornleigh	NSW	6.50%	21.9	6.00%	23.6	-0.50%	1.7	5.2
Wagga Wagga	NSW	7.00%	21.1	7.00%	21.7	0.00%	0.6	1.8
Arundel	QLD	6.00%	38.1	5.75%	39.8	-0.25%	1.7	6.2
Bethania	QLD	6.00%	31.9	6.00%	31.7	0.00%	-0.2	6.2
Manly West	QLD	5.75%	38.7	5.75%	38.7	0.00%	0.0	7.2
North Lakes	QLD	5.75%	46.0	5.50%	48.3	-0.25%	2.3	6.3
Broadmeadows	VIC	6.50%	30.3	6.25%	32.0	-0.25%	1.7	1.5
Frankston	VIC	6.25%	34.0	6.00%	35.0	-0.25%	1.0	2.5
Sunbury	VIC	5.75%	32.5	5.75%	33.5	0.00%	1.0	7.0
Springvale	VIC	5.75%	37.3	5.50%	38.8	-0.25%	1.5	6.5
Bibra Lake	WA	6.75%	26.0	6.00%	29.3	-0.75%	3.3	5.3
Geraldton	WA	7.25%	18.2	7.00%	18.8	-0.25%	0.6	2.5
Albany	WA	7.25%	15.1	14.95%	8.7	7.70%	-6.4	0.3
Total/ weighted average¹		6.11%	448.5	6.02%	461.9	-0.09%	13.4	5.1

¹ Figures subject to rounding

Core portfolio



Rydalmere, NSW

Core portfolio summary

66
properties

4.5 years
portfolio WALE

3.3 ha
average land area

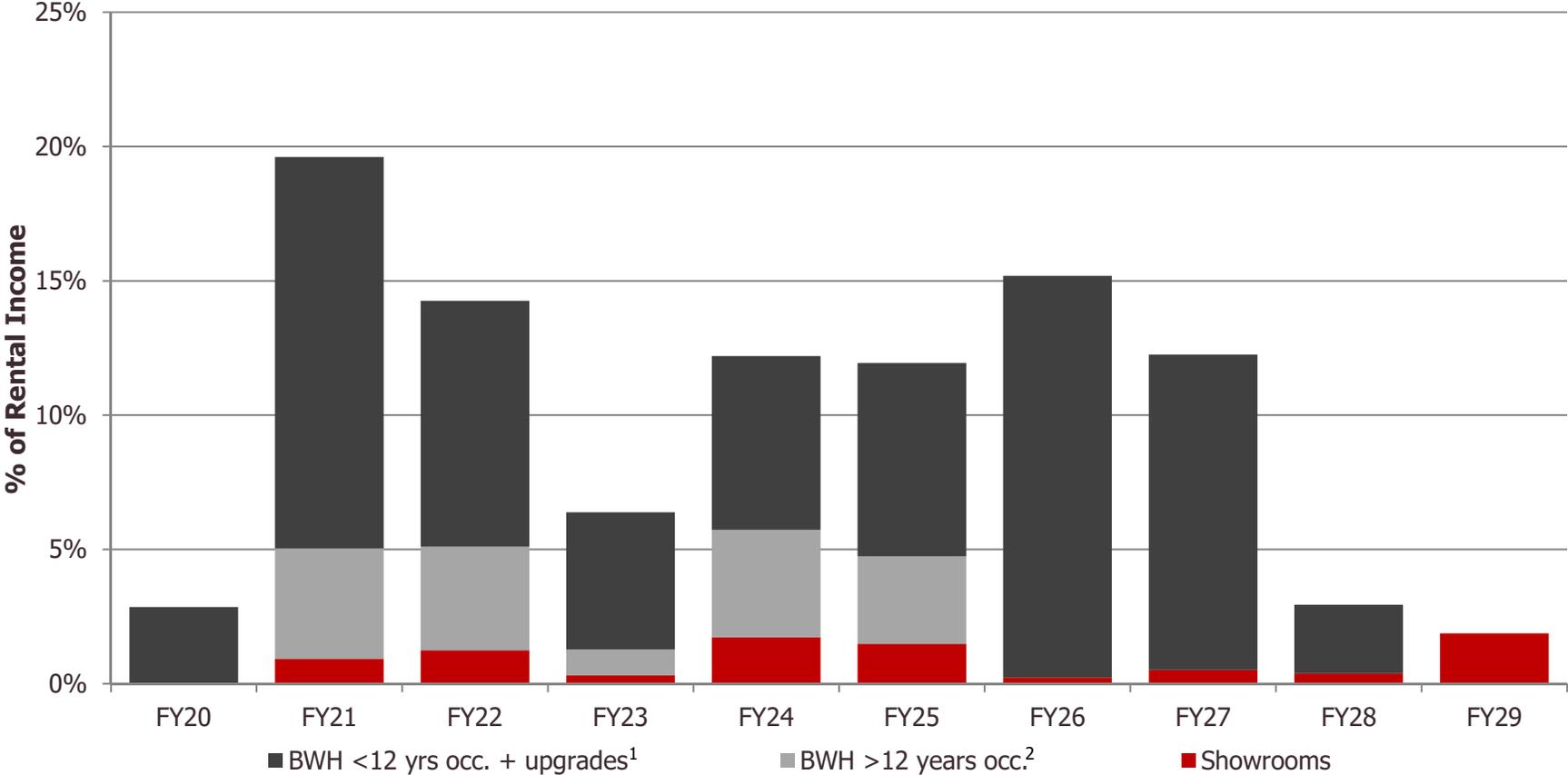
14,031m²
average lettable
area

82%
metro located
properties

75%
upgrade
properties or
occupied <12yrs

6.07%
weighted average
cap rate

Weighted average lease expiry profile



¹ Includes both proposed and completed upgrades
² Includes Northland which has been retained in the core portfolio due to asset quality

Lease expiries next three years

- > Five year options recently exercised for Bibra Lake (WA), Albany (WA), Maitland (NSW), Thornleigh (NSW), and Noarlunga (SA)

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Fountain Gate	Jan 2020	2 x 5 yrs	1,760	Notification required by Oct 2019; potential upgrade, zoning amendment
Port Melbourne	Mar 2020	4 x 5 yrs	2,159	Notification required by Dec 2019
Vermont South	Aug 2020	4 x 5 yrs	2,269	Notification required by Jun 2020
Northland	Aug 2020	2 x 5 yrs	2,003	Notification required by Jun 2020; Bunnings seeking planning approval for alternative site nearby
Hawthorn	Oct 2020	4 x 5 yrs	3,337	Notification required by Jul 2020
Coburg	Nov 2020	3 x 5 yrs	1,531	Notification required by May 2020; potential upgrade
Mt Gravatt	Dec 2020	4 x 5 yrs	1,366	Notification required by Sep 2020
Broadmeadows	Jan 2021	10 yrs	2,007	Notification required by Oct 2020
2011 Portfolio	Mar – Oct 2021	5 x 5 yrs	16,168	Properties acquired in 2011 portfolio transaction - Belmont, Cockburn, Fairfield Waters, Pakenham, Wagga Wagga, Port Kennedy, Smithfield, Dubbo, Harrisdale and Caroline Springs
Midland	Sep 2021	2 x 5 yrs	1,858	Notification required by Jun 2021; Bunnings seeking planning approval for alternative site nearby
Geraldton	Dec 2021	2 x 5 yrs	1,319	Notification required by Sep 2021
Mornington	Dec 2021	2 x 5 yrs	1,760	Notification required by Sep 2021
Frankston	Dec 2021	2 x 5 yrs	2,120	Notification required by Sep 2021
Gladstone	Feb 2022	3 x 5 yrs	1,353	Notification required by Nov 2021
Greenacre	Apr 2022	5 x 5 yrs	2,785	Notification required by Oct 2021
Craigieburn	May 2022	5 x 5 yrs	1,722	Notification required by Nov 2021
Scoresby	May 2022	2 x 5 yrs	1,943	Notification required by Feb 2022

Croydon upgrade

- > Upgrade cost of \$4.0 million at a funding rate of 5.5 per cent
- > Upgrade increases the total retail area by 2,190 square metres incorporating an expansion of the timber trade sales and nursery areas
- > Anticipate completion mid-2020
- > On completion of the works Bunnings will enter into a new 10 year lease with existing 10 year option to remain (current term certain 7.2 years)
- > 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

Alternative use properties



Hoxton Park repositioning

- > Bunnings surrendered its lease in June 2019 (\$2.15 million surrender fee to BWP)
- > New large format retail leases secured to occupy over 70 per cent of the building area
- > Tenants include Total Tools, Totally Work Wear, Crunch Fitness, Jaycar and South West Kids Clinic
- > Construction underway, to be completed by December 2019 at an expected cost of approximately \$12.0 million
- > Leases remain in place with Kennards Self Storage and Officeworks in the adjoining building on BWP's site
- > Kennards will lease additional area in the re-purposed building and extend existing lease with both leases expiring in 2032
- > WALE pre-Bunnings lease surrender 2.0 years anticipated to increase to 10.5 years on completion of development
- > Likely fair value on-completion of \$59.0 million (7.00 per cent capitalisation rate), resulting in a \$20.0 million increase in current fair value at 30 June 2019
- > Fair value prior to Bunnings advising it would vacate was \$45.6 million (June 2016)

Other stores being repositioned

Property	Lease expiry ¹	Progress
Mandurah	Expired	Development complete with Amart Furniture and Snooze open and trading. Negotiations with other LFR tenants progressing for the remaining lettable area of 2,560sqm
Cairns	Expired	Concept and feasibility finalised for multi-tenanted industrial development; re-leasing campaign re-launched in July 2019
Port Macquarie	Nov 2019	Planning approval in place for large format retail redevelopment; AFL executed with Amart Furniture for 5,000sqm; leasing campaign progressing for remaining 2,200sqm of lettable area
Morley	Jul 2020	Bunnings continues to trade from store. Medium term residential and/or mixed-use development potential
Northland	Aug 2020	Bunnings has lodged a DA for an alternative location. Future options for the site are under review and include possible rezoning and mixed use development
Mindarie	Sep 2021	Scheme amendment and structure plan proposal lodged with council in 2018; expect approval by late 2019 to allow mixed use development of the site which adjoins Ocean Keys sub-regional shopping centre

¹ End of the current Bunnings lease term

Divestments

Property	Lease expiry ¹	Sale price (\$m)	Progress
Underwood	Apr 2019	Undisclosed	Under conditional option agreement to sell to unrelated third party, progressing toward satisfaction of conditions
Belmont North	Mar 2021	Undisclosed	Under conditional option agreement to sell to unrelated third party, progressing toward satisfaction of conditions
Epping	Mar 2019	16.2	Settlement completed in February 2019
Oakleigh South	Mar 2019	21.4	Settlement completed in February 2019
Altona	Lease surrendered	14.4	Settlement completed in September 2018
Burleigh Heads	Oct 2018	19.7	Settlement completed in September 2018

¹ End of the current Bunnings lease term

Capital management



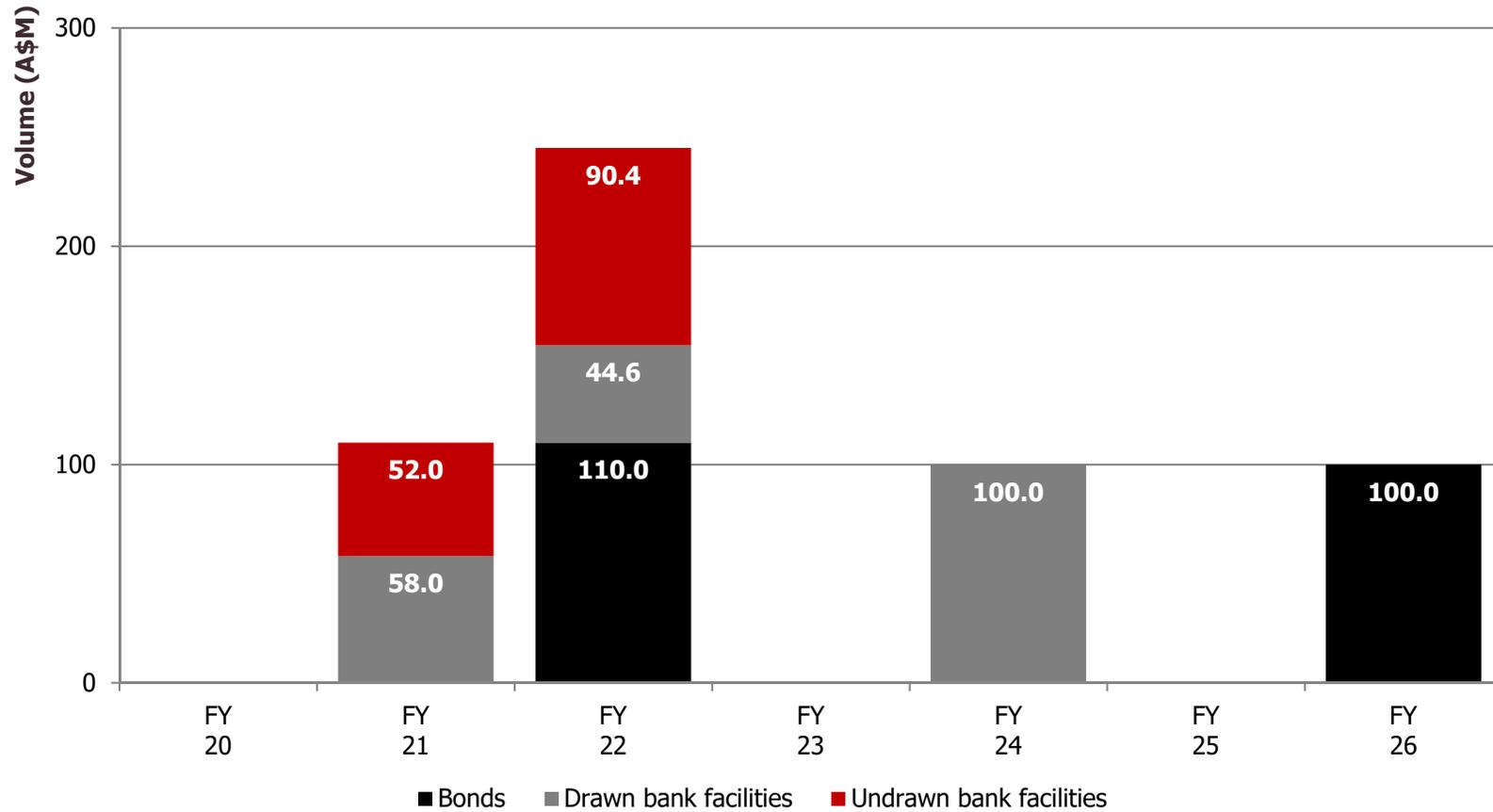
Debt facilities

- > Average borrowings for the year \$458.3 million (down 2.6 per cent on prior corresponding period)
 - 4.3 per cent per annum weighted average cost of debt after hedging (2018: 4.6 per cent per annum)
 - Borrowing costs for the year \$19.6 million (down 8.8 per cent on prior corresponding period)
- > Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement. WBC facility has been extended for a further year
- > New \$100m five-year term debt facility with Sumitomo Mitsui Banking Corporation (“SMBC”) activated in May 2019 and new \$100 million seven-year bond issued in April 2019
- > Cost of debt at 30 June 2019: 3.8 per cent per annum
- > Interest cover: 6.8 times at 30 June 2019 (2018: 6.5 times)
- > Gearing 17.3 per cent at 30 June 2019 (2018: 19.3 per cent)
- > A- / Stable S&P rating and A3 Moody’s rating maintained

As at 30 June 2019	Limit (\$m)	Drawn (\$m)	Expiry
CBA	110	58	31 Jul 2020
WBC	135	45	30 Apr 2022
SMBC	100	100	20 May 2024
Corporate bond	110	110	11 May 2022
Corporate bond	100	100	10 April 2026
Total / Weighted average	555	413	3.6 years

Debt duration

Debt maturity profile as at 30 June 2019



Interest rate hedging

Hedge book profile by half-year ending	Jun 2019	Dec 2019	Jun 2020	Dec 2020	Jun 2021	Dec 2021
Active swaps (\$m)	98	98	85	85	70	40
Swap rates (%)						
Maximum	4.92	4.92	4.12	4.12	2.60	2.60
Minimum	2.39	2.39	2.39	2.39	2.39	2.60
Weighted average (%) ¹	3.07	3.07	2.79	2.79	2.51	2.60

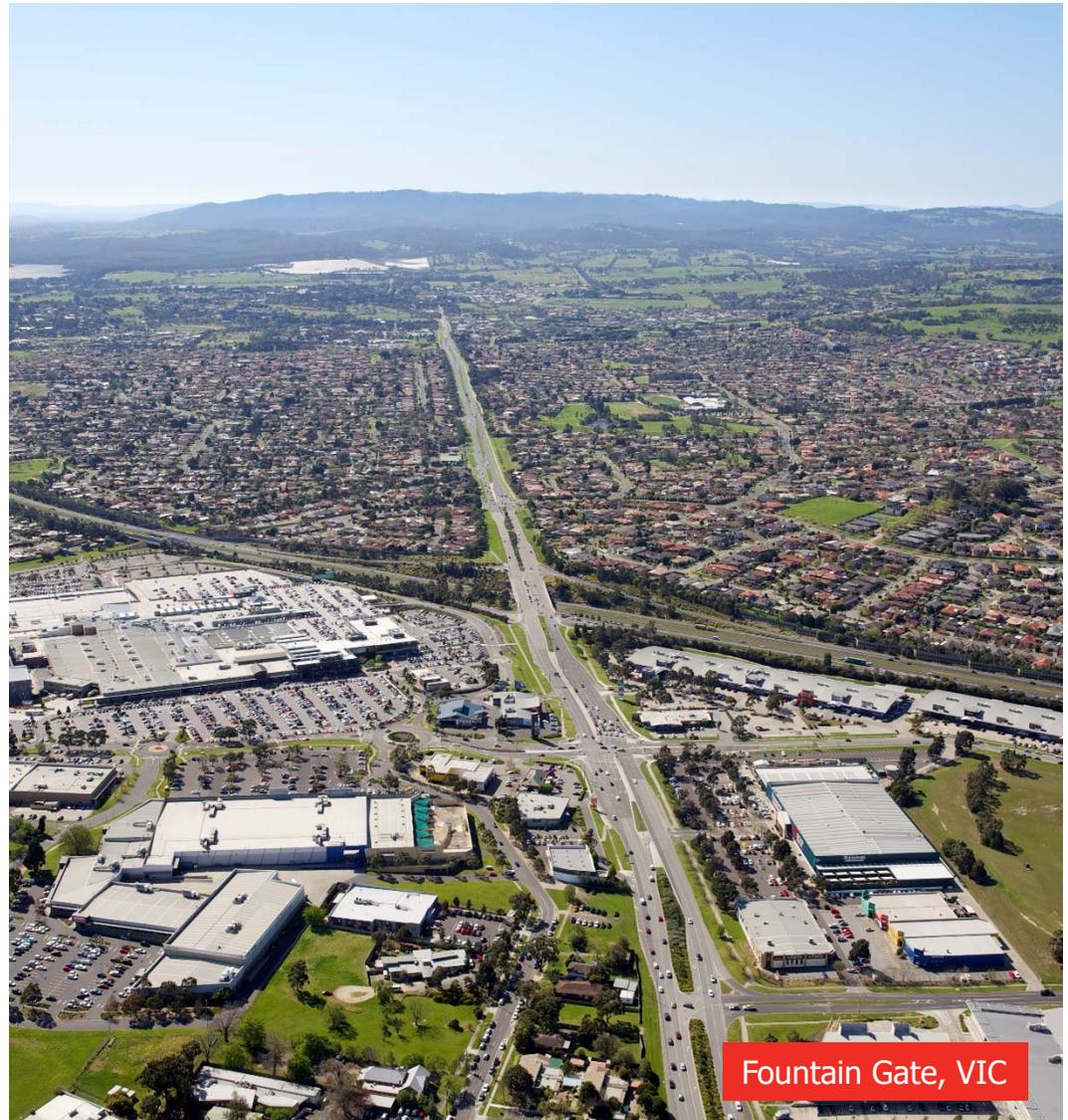
> Including fixed rate corporate bonds:

- \$307.5 million hedged at 2.13² per cent weighted average to maturity, at 30 June 2019

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

² Excludes margins payable on the fixed corporate bonds

Outlook



Fountain Gate, VIC

Outlook

Macro economic environment

- > Low interest rates, returns and growth
- > Demand for Bunnings Warehouse properties is expected to remain stable other than if a major risk event impacts valuations and/or liquidity in the Australian property sector
- > The Trust is well positioned in the event of any change in the macro economic environment with low gearing, a high returning portfolio, sustainable cashflow and good access to funding

Rental growth

- > 44 CPI/ 47 fixed rent reviews in FY2020
- > 11 Bunnings MRR's to be finalised in FY2020 (in addition to those outstanding from FY2018 and FY2019)

Investment

- > Primary focus on finalising outcomes on alternative use sites
- > Negotiating with Bunnings to progress opportunities to re-invest in existing portfolio
- > Continuing to look for acquisitions that create value for the Trust

FY2020 distribution

Taking into account expected rental growth in the core portfolio, the divestment of four properties last financial year, and the timing of the completion of properties being repositioned, the Trust could expect the distribution for FY2020 to be marginally higher than the ordinary distribution paid for the year ended 30 June 2019. Capital profits will be utilised to support distributions as necessary.

Further information

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