

2022/23 HALF-YEAR RESULTS

TO 31 DECEMBER 2022

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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 respect to their Elders, past and present.

PRESENTATION OUTLINE

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SUMMARY



2022/23 HALF-YEAR RESULTS AT A GLANCE

PORTFOLIO PERFORMANCE		PORTFOLIO MANAGEMENT		CAPITAL MANAGEMENT	
\$78.6m ▲ Total income 3.6% ¹	\$57.9m Dist. Amount	9.02 cpu Ordinary distribution	\$3.95 ▲ NTA 5.3% ¹	11.8% pa 10 yr total return	
3.9% like-for-like rental growth	8 Market Rent Reviews ("MRR") finalised ³	A- S&P Rating A3 Moody's rating		15.3% gearing	
\$53.9 million ² portfolio revaluation uplift	7 Bunnings Warehouse options exercised	3.7% cost of debt at 31 December 2022, 3.3% weighted average for the period		53.3% Hedging cover	
5.05% portfolio cap rate	97.5% leased	\$14.0m upgrade agreed for Dubbo property			
3.6 years portfolio weighted average lease expiry ("WALE")					

¹ In comparison to prior corresponding period.

² Gross \$54.3 million revaluation gain before straight-lining of rent.

³ Includes seven Bunnings Warehouse properties.

RESULTS



FINANCIAL PERFORMANCE

SIX MONTHLY

	6 months to Dec 2022	6 months to Dec 2021
Total income (\$m)	78.6	75.9
Management expense ratio ¹ (%)	0.64	0.63
Other expenses (\$m)	4.5	4.3
Distributable amount (\$m)	57.9	57.9
Property revaluation gains ² (\$m)	53.9	291.8
Net profit including property revaluations (\$m)	111.3	348.3
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)	3,091.0	2,939.6
Borrowings ³ (\$m)	472.1	455.5
Weighted average cost of debt ⁴ (pa) (%)	3.27	3.18
Net tangible assets ³ (\$ per unit)	3.95	3.75
Weighted average cap rate ³ (%)	5.05	5.11

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 the portfolio of 3.9 per cent
- > Seven Bunnings market rent reviews were finalised during the period

Property Location	Passing rent (\$pa)	Reviewed rent (\$pa)	Variance (%)	Effective date
Hawthorn, VIC ^{1,2}	3,380,642	3,325,207	(1.6)	29-Oct-20
Coburg, VIC ^{1,3}	1,706,685	1,877,353	10.0	3-Nov-20
Pakenham, VIC ^{1,4}	1,402,631	1,542,894	10.0	31-Mar-21
Wagga Wagga, NSW ^{1,5}	1,565,728	1,565,728	-	31-Mar-21
Dubbo, NSW ^{5,6}	1,402,631	1,262,368	(10.0)	4-Aug-21
Geraldton, WA ^{5,6}	1,350,262	1,309,754	(3.0)	10-Dec-21
Greenacre, NSW ^{5,6}	2,955,032	2,870,000	(2.9)	3-Apr-22
Total/ weighted average	13,763,611	13,753,304	(0.1)	

¹ The market rent review was due during the year ended 30 June 2021, 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 determined by an independent valuer. The independently determined rent was 13.4 per cent above the passing rent however, the market rent review clause in the lease has a 10.0 per cent cap on the increase.

⁴ The market rent review was determined by an independent valuer. The independently determined rent was 21.6 per cent above the passing rent however, the market rent review clause in the lease has a 10.0 per cent cap on the increase.

⁵ The market rent review was agreed between parties.

⁶ The market rent review was due during the year ended 30 June 2022, but the outcome was only finalised during the current financial year.

REVALUATIONS

DECEMBER 2022

- > December 2022 weighted average capitalisation rate 5.05 per cent (Jun 2022: 5.04 per cent, Dec 2021: 5.11 per cent)
 - 16 independent valuations (21.5 per cent of BWP portfolio value), average cap rate 4.96 per cent
 - 57 internal valuations average cap rate 5.08 per cent
 - Standalone Bunnings Warehouses weighted average cap rate of 4.90 per cent
 - Cap rate movement; three properties decreased, 61 properties no change and nine properties increased
- > HY 2022/23 gross fair value gain of \$54.3¹ million on revaluation
 - Rental growth largely contributed to the net fair value gain during the period

Revaluations by state 31 Dec 2022	No. of properties	Rental \$m/annum ²	Cap rate (%)	Value (\$m)
NSW/ACT	18	36.56	5.02	746.5
QLD	18	41.68	5.16	750.9
SA	2	4.47	5.28	84.6
VIC	20	49.46	4.70	1,033.0
WA	15	24.11	5.70	445.8
Total/ weighted average	73	156.28	5.05	3,060.8

¹ Gross movement in valuations; statutory accounts reflect a \$53.9 million revaluation gain after adjustments made for straight-lining of rent.

² Subject to rounding.

INDEPENDENT REVALUATIONS

DECEMBER 2022

Property	State	Jun 2022 Cap Rate (%)	Jun 2022 Valuation (\$m)	Dec 2022 Cap Rate (%)	Dec 2022 Valuation (\$m)	Cap rate movement (%)	Valuation movement (\$m)	Dec 2022 Term Certain (years)
Fyshwick	ACT	5.50	28.3	5.50	29.9	-	1.6	2.0
Minchinbury	NSW	4.25	72.6	4.25	72.5	-	(0.1)	4.3
Wollongong	NSW	5.75	26.1	6.75	22.0	1.00	(4.1)	0.3
Fairfield Waters	QLD	5.50	31.7	5.50	31.3	-	(0.4)	3.3
Smithfield	QLD	5.75	28.3	5.50	29.2	(0.25)	0.9	3.4
Rocklea	QLD	5.75	38.6	6.00	39.0	0.25	0.4	2.8
Mornington	VIC	4.75	39.3	4.75	42.2	-	2.9	4.0
Port Melbourne	VIC	3.50	79.2	3.50	80.0	-	0.8	8.4
Vermont South	VIC	5.00	46.3	5.00	48.4	-	2.1	2.6
Caroline Springs	VIC	4.75	39.8	4.75	41.0	-	1.2	3.4
Pakenham	VIC	5.50	38.6	5.00	46.2	(0.50)	7.6	3.9
Cockburn	WA	5.00	36.6	5.00	36.6	-	-	3.3
Morley	WA	6.50	13.0	6.75	12.5	0.25	(0.5)	-
Belmont	WA	5.00	30.8	5.00	30.8	-	-	3.3
Ellenbrook	WA	5.00	43.5	5.00	44.8	-	1.3	2.9
Harrisdale	WA	5.75	47.8	5.50	50.7	(0.25)	2.9	3.5
Total/ <i>average</i>		4.97	640.5	4.96	657.1	(0.01)	16.6	3.6

Figures subject to rounding.

CORE PORTFOLIO



CORE PORTFOLIO SUMMARY

65
properties

3.7 years
portfolio WALE

3.3 ha
average land
area

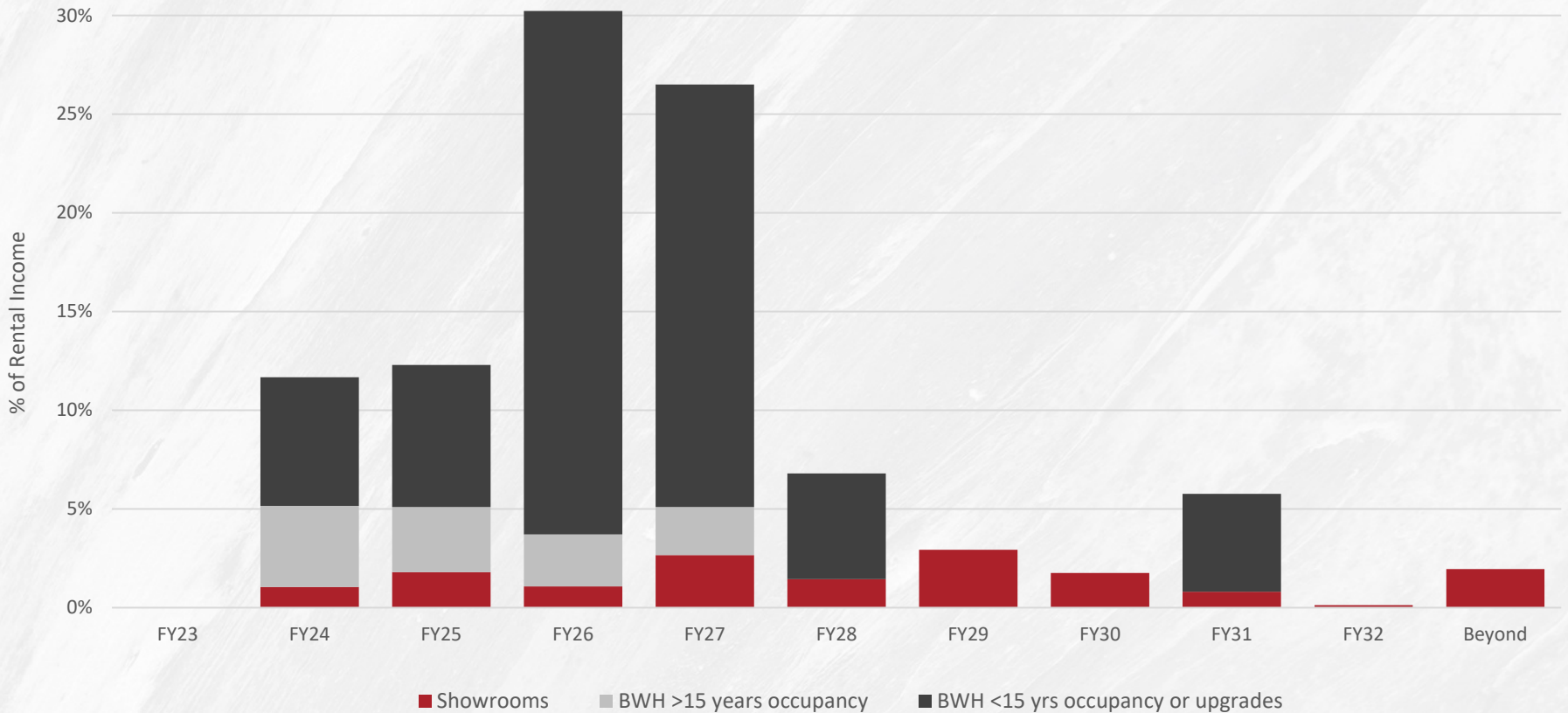
14,172 m²
average lettable
area

82 %
metro located
properties

72.0 %
upgrade
properties or
occupied <15yrs

4.9%
weighted
average cap rate

WEIGHTED AVERAGE LEASE EXPIRY PROFILE



BUNNINGS LEASE EXPIRIES NEXT THREE YEARS

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Balcatta	Sep-23	10 yrs	2,477	Notification required by Jun 2023
Southport	Nov-23	10 yrs	1,953	Notification required by Aug 2023
Tuggeranong	Nov-23	10 yrs	2,036	Notification required by Aug 2023
Cannon Hill	Mar-24	10 yrs	2,711	Notification required by Dec 2023
Bayswater	Apr-24	3 x 5 yrs	2,145	Notification required by Jan 2024
Browns Plains	May-24	Nil	1,928	Ongoing discussions for a new lease
Wallsend	May-24	5 x 5 yrs	2,355	Notification required by Nov 2023
Thornleigh	Sep-24	2 x 5 yrs	1,540	Notification required by Jun 2024
Noarlunga	Sep-24	1 x 5 yrs	1,812	Notification required by Jun 2024
Maitland	Oct-24	2 x 5 yrs	1,575	Notification required by Jul 2024
Bibra Lake	Oct-24	1 x 5 yrs	1,835	Notification required by Jul 2024
Fyshwick	Dec-24	1 x 5 yrs	1,440	Notification required by Sep 2024
Nunawading	Feb-25	10 yrs	2,593	Notification required by Nov 2024

BUNNINGS LEASE EXPIRIES NEXT THREE YEARS (CONTINUED)

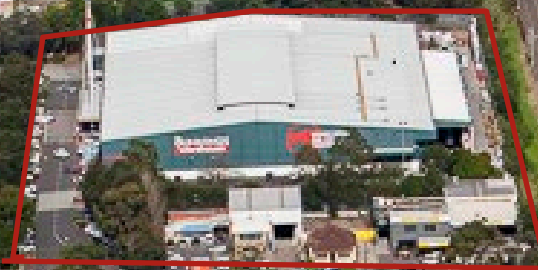
Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Morayfield	Mar-25	10 yrs	1,963	Notification required by Dec 2024
Mile End	Mar-25	10 yrs	2,654	Notification required by Dec 2024
Vermont South	Aug-25	3 x 5 yrs	2,422	Notification required by May 2025
Arundel	Sep-25	5 x 6 yrs	2,766	Notification required by May 2025
Bethania	Sep-25	5 x 6 yrs	2,249	Notification required by Mar 2025
Rocklea	Oct-25	4 x 5 yrs	2,424	Notification required by Jul 2025
Hawthorn	Oct-25	3 x 5 yrs	3,633	Notification required by Jul 2025
North Lakes	Oct-25	5 x 6 yrs	3,158	Notification required by Feb 2025
Coburg	Nov-25	2 x 5 yrs	2,051	Notification required by Aug 2025
Ellenbrook	Dec-25	5 x 6 yrs	2,238	Notification required by Jun 2025
Townsville North	Dec-25	5 x 6 yrs	2,016	Notification required by Jun 2025
Springvale	Dec-25	5 x 6 yrs	2,414	Notification required by Jun 2025
Mt Gravatt	Dec-25	3 x 5 yrs	1,451	Notification required by Sep 2025

BUNNINGS UPGRADE

DUBBO, NEW SOUTH WALES

- > Upgrade cost of \$13.6 million at a funding rate of 4.0 per cent
 - land acquisition \$0.4 million
 - development \$13.6 million
- > Upgrade increases the total retail area by 4,673 square metres
- > Anticipated completion mid-2024
- > On completion, 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

ALTERNATIVE USE PROPERTIES



ALTERNATIVE USE PROPERTIES UPDATE

Property	Lease expiry	Comments
Port Kennedy	Expired	Development approval for large format retail centre; leasing campaign underway – 51 per cent committed to lease
Belmont North	Expired	Property rezoned to allow for a supermarket and other retail shops, leasing discussions are progressing, we expect to lodge a development application in FY2023; construction costs higher than anticipated
Hervey Bay	Mar 2023	Development approval for large format retail centre; leasing campaign underway for large format retail redevelopment – 90 per cent pre-committed to lease; design development/ tender to be completed Mar 2023
Wollongong	Mar 2023	Considering redevelopment options
Albany	Oct 2024	ToolKit Depot store trading in ex-Bunnings; 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 progressing
Northland	Aug 2025	Progressing redevelopment/rezoning options
Wagga Wagga	Mar 2026	Considering redevelopment options

CAPITAL MANAGEMENT



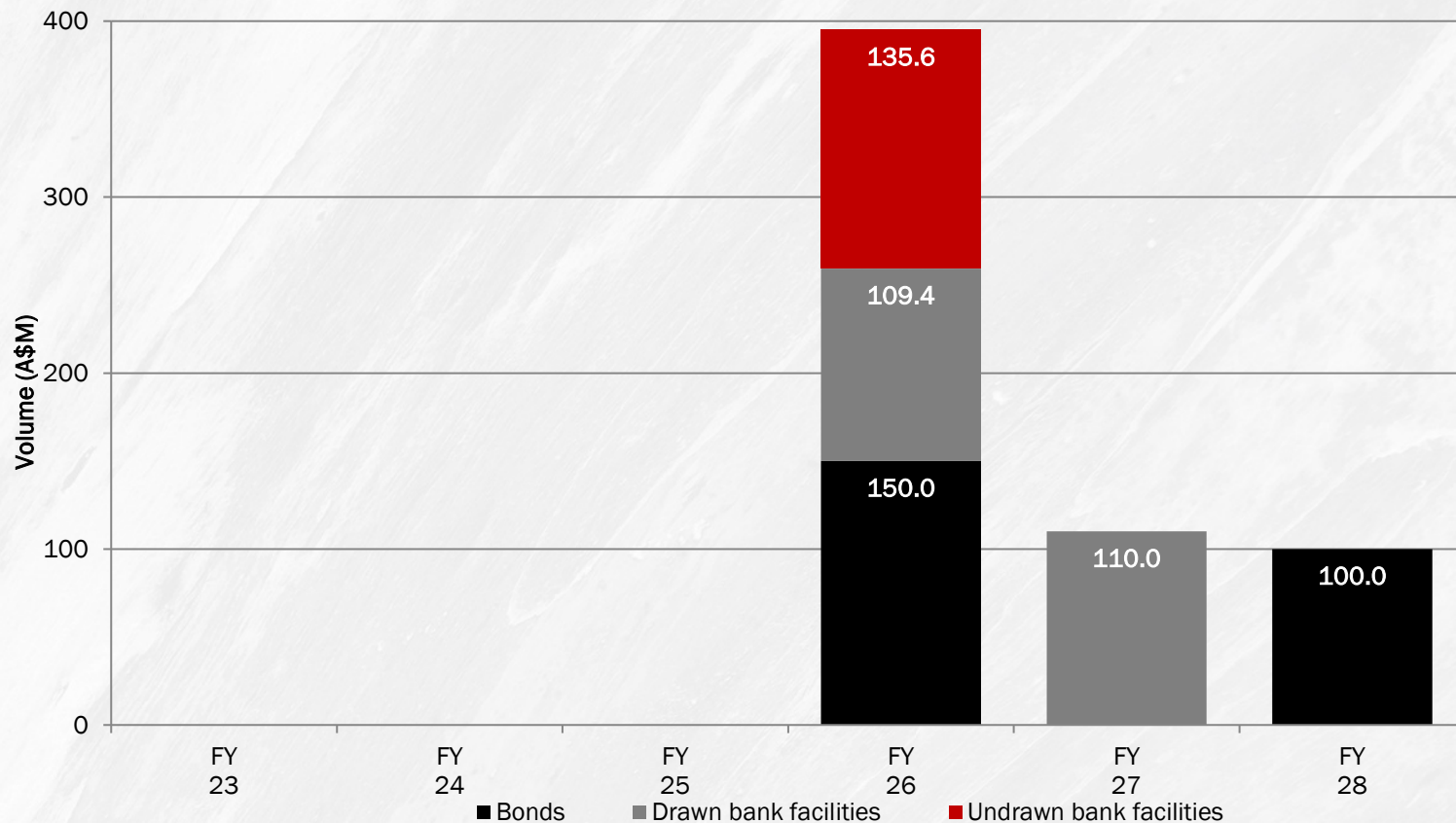
DEBT FACILITIES

- > Average borrowings for the half-year \$473.6 million (up 1.6 per cent on prior corresponding period)
 - 3.3 per cent per annum weighted average cost of debt after hedging (2021: 3.2 per cent per annum)
 - Borrowing costs for the half-year \$7.8 million (up 4.0 per cent on prior corresponding period)
- > As at 31 December 2022:
 - Hedging cover: 53.3 per cent
 - Weighted average rate on duration of 1.4 per cent excluding margins
 - Weighted average term to maturity 4.1 years
 - Interest cover: 8.6 times (2021: 8.7 times)
 - Gearing: 15.3 per cent (2021: 15.5 per cent)
- > A- / Stable S&P rating and A3 Moody's rating

As at 31 December 2022	Limit (\$m)	Drawn (\$m)	Expiry
CBA	110	55	31 Jul 2025
SMBC	110	110	15 Mar 2027
WBC	135	54	30 Apr 2026
Corporate bonds – seven-year	150	150	10 Apr 2026
Corporate bonds – seven-year	100	100	24 Mar 2028
Total/ <i>weighted average</i>	605	469	<i>3.7 years</i>

DEBT DURATION

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2022



OUTLOOK



OUTLOOK

Operating environment

- > The Trust remains well positioned operationally with 99 per cent¹ 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 resilient in the near term given the strength of the Bunnings covenant

Rental growth

- > 23 CPI/ 22 fixed rent reviews in second half FY2023
- > Three Bunnings MRR's to be finalised in FY2023 (in addition to one unresolved from FY2021 and three unresolved from FY2022)

¹ As at 31 December 2022

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 acquire assets where there is good potential for value creation

FY2023 distribution

- > Subject to there being no major disruption to the Australian economy, the Trust could expect the distribution for the year ending 30 June 2023 to be similar to the ordinary distribution paid for the year ended 30 June 2022. Capital profits may be utilised to support the distribution

QUESTIONS?

FURTHER INFORMATION

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