



Half-year results to 31 December 2014

February 2015



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Presentation outline

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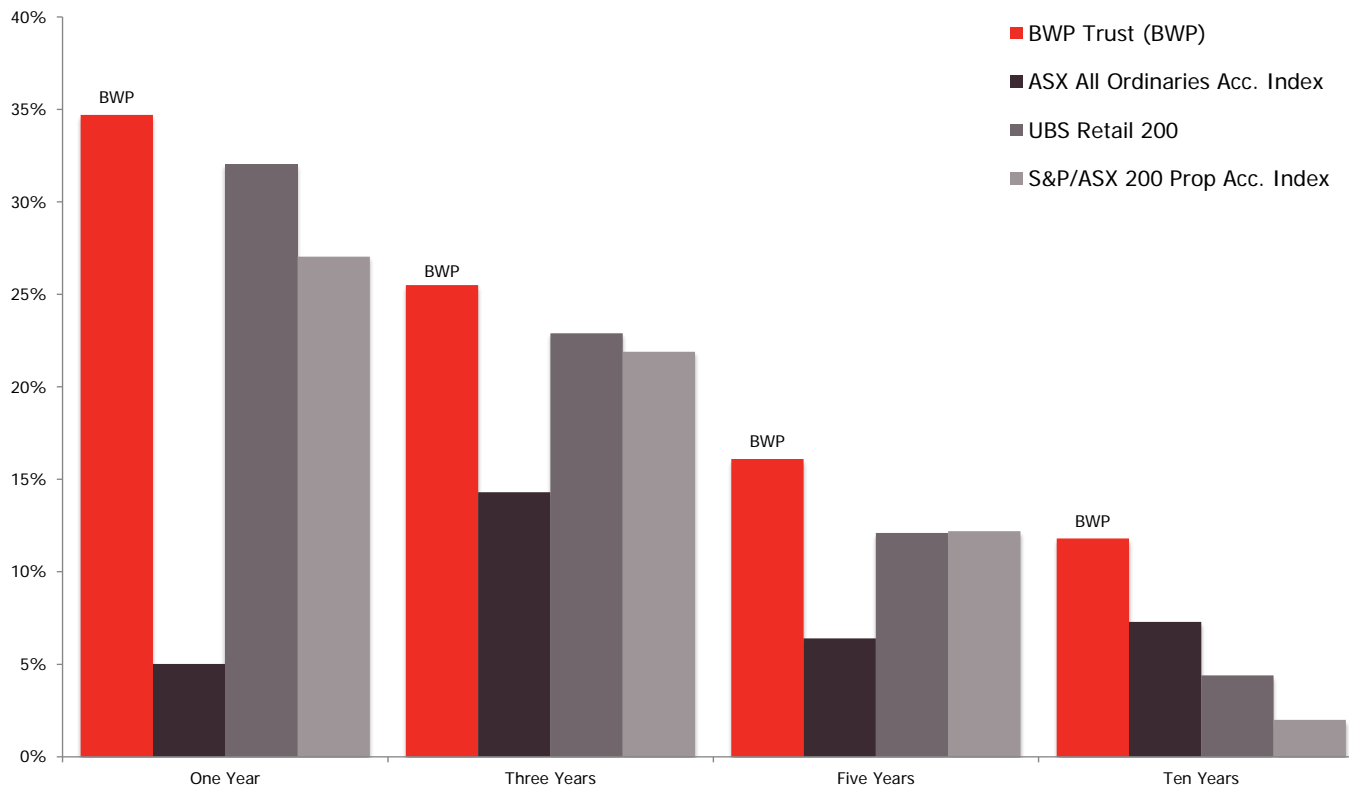
- > Strategic agenda
- > Half year overview
- > Results
- > Portfolio
- > Capital management
- > Outlook

Strategic agenda



Total return profile

BWP total returns¹ compared to market – for periods ended 31 December 2014



Source: UBS

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

Half-year overview

- > 19.1% increase in revenue from acquisitions, rent reviews and developments
- > Like-for-like rental growth of 2.7% for 12 months to 31 December 2014
- > Completed the development of three Bunnings Warehouse stores
- > Agreed to acquire a Bunnings Warehouse development site in Australind, and to upgrade the Lismore Bunnings Warehouse
- > Progress in re-positioning replacement stores
- > Capital management: repriced bank facilities and reduced unused facilities
- > Weighted average cost of debt of 5.79% for the period (6.65% previously)
- > 7.67 cents interim distribution (up 12.3% from previous corresponding period)
- > Weighted average lease expiry 6.8yrs, 99.4% occupancy
- > NTA of \$2.18 per unit (\$2.07 at 30 June), \$68.2 million net revaluation gain

Results – performance vs pcp¹

	6 months to 31 Dec 14	Previous corresponding period
Revenue	\$71.2 million	↑ 19.1%
Net profit including revaluations	\$117.3 million	\$66.7 million
Distributable profit (excluding revaluations)	\$49.1 million	↑ 14.6%
Number of units on issue	639.7 million	627.2 million
Half-year distribution per unit	7.67 cents	↑ 12.3%
Total assets	\$1.9 billion	\$1.7 billion
Borrowings	\$451.2 million	\$327.7 million
Net tangible assets	\$2.18 per unit	\$2.02 per unit
Weighted average cap rate	7.41%	7.71%
Gearing (debt to total assets)	23.4%	19.8%
Covenant gearing (debt + n.c.l. ² to total assets)	24.1%	20.4%

¹ pcp = previous corresponding period, being the 6 months ended 31 December 2013 or as at 31 December 2013 as relevant

² n.c.l. = non-current liabilities

Portfolio – developments completed in FY2015

- > Bunnings Warehouse – Manly West, QLD (\$21.3m)
 - Land acquired in Sep 2013 for \$7.2m (including acquisition costs)
 - Development completed Sep 2014
 - 12,870m² fully-enclosed covered area
 - Commencing annual rent \$2.1m
 - 12 year lease with 5 x 6-year options
 - Annual 3% fixed escalation
 - Market reviews on exercise of each option (10% caps/collars)



Portfolio – developments completed in FY2015

- > Bunnings Warehouse – West Ipswich, QLD (\$17.9m)
 - Land acquired in Sep 2013 for \$13.1m (including acquisition costs)
 - Development completed Sep 2014
 - 14,977m² fully-enclosed covered area
 - Commencing annual rent \$2.3m
 - 12 year lease with 5 x 6-year options
 - Annual 3% fixed escalation
 - Market reviews on exercise of each option (10% caps/collars)



Portfolio – developments completed in FY2015

- > Bunnings Warehouse - Brendale, QLD (\$19.2m)
 - Land acquired in Jun 2014 for \$8.1m (including acquisition costs)
 - Development completed Dec 2014
 - 11,822m² fully-enclosed covered area
 - Commencing annual rent \$1.9m
 - 12 year lease with 5 x 6-year options
 - Annual 3% fixed escalation
 - Market reviews on exercise of each option (10% caps/collars)



Portfolio – developments completed in FY2015

- > Bunnings Warehouse - Maribyrnong, VIC (\$39.1m)
 - Land acquired in Jun 2001 for \$7.1m (including acquisition costs)
 - Development completed mid-2013
 - 14,488m² fully-enclosed covered area
 - Commencing annual rent \$2.54m
 - 12 year lease with 5 x 6-year options
 - Annual 3% fixed escalation
 - Market reviews on exercise of each option (10% caps/collars)



Maribyrnong, VIC

Portfolio – development pipeline

- > \$35.7 million of capital committed to developments and expansions of existing properties
- > Refer Appendix C for portfolio geographic spread

	Property	Payment date	Capital commitment (\$m)	
Acquisitions	Australind (land)	Apr 15	8.28	8.28
Developments	Minchinbury	Mar 15	8.79	27.37
	Lismore	Jun 15	4.60	
	Australind	Jun 15	9.58	
	Rockingham	Oct 15	4.40	
Total				35.65



Minchinbury, NSW (pre-upgrade)

Portfolio – rental growth

- > 2.7% like-for-like rental growth for 12 months to 31 December 2014 (3.8% previous corresponding period, updated for completed FY2014 MRR outcomes, 2.8% previously)
 - 52 leases subject to annual fixed or CPI reviews during the period: w/average +3.0% increase
 - 13 market rent reviews for the portfolio resolved during the period, +8.8% increase across the portfolio (refer Appendix D & E)



Portfolio - market rent review outcomes

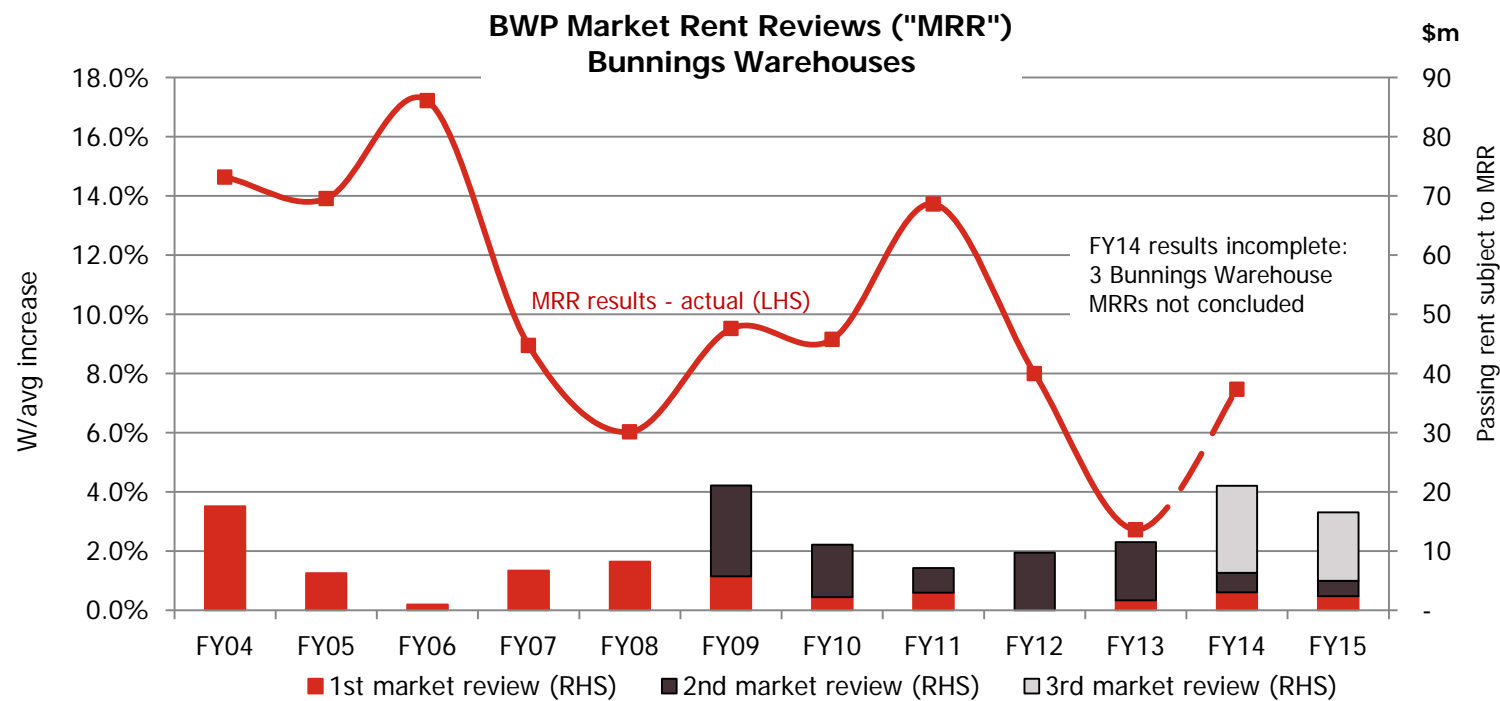
12 Bunnings reviews resulted in an 8.6% increase, 9 from FY14, and 3 due during the period

Property location	Tenancy	Passing rent (\$pa)	Reviewed rent ¹ (\$pa)	Uplift (%)	Effective date
Balcatta, WA ²	Bunnings	1,841,264	2,170,000	+17.9	24 Sep 13
Altona, VIC ²	Bunnings	1,089,650	1,122,339	+3.0	24 Sep 13
Burleigh Heads, QLD ²	Bunnings	1,479,587	1,648,000	+11.4	22 Oct 13
Underwood, QLD ²	Bunnings	1,369,988	1,527,500	+11.5	22 Oct 13
Southport, QLD ²	Bunnings	1,457,667	1,648,000	+13.1	10 Nov 13
Port Macquarie, NSW ²	Bunnings	876,852	960,000	+9.5	17 Nov 13
Tuggeranong, ACT ²	Bunnings	1,527,708	1,725,000	+12.9	1 Dec 13
Epping, VIC ²	Bunnings	1,181,865	1,235,000	+4.5	12 Mar 14
Lismore, NSW ²	Bunnings	890,979	935,000	+4.9	20 Apr 14
Thornleigh, NSW	Bunnings	1,320,622	1,320,622	-	6 Sep 14
Albany, WA	Bunnings	824,016	848,000	+2.9	1 Nov 14
Bibra Lake, WA	Bunnings	1,647,203	1,647,203	-	1 Nov 14
Gladstone, QLD	Pets West Online	114,252	154,275	+35.0	16 Dec 14
Weighted average				+8.8	

¹ All market rent reviews were negotiated between the Trust and the customer except Balcatta which was determined by an independent valuer.

² The market rent review was due during the year ended 30 June 2014, but the outcome was finalised during the half-year ended 31 December 2014.

Portfolio – market rent review trends



Note: 12 Bunnings leases have cycled through 3rd market reviews, for those leases, the average increase of 5 yearly MRR's was – MRR1(FY04) +11.7%, MRR2 (FY09) +12.7%, and MRR3 (FY14) +8.9%

*FY14 & FY15 passing rent subject to MRR is based on passing rent at 31 December 2014

Portfolio – FY2015 rent reviews

- > 3 Bunnings Warehouse market rent reviews due in FY2014 are currently in determination
- > 3 Bunnings Warehouse market rent reviews due in FY2015 resolved with the balance being negotiated or at determination
- > Refer Appendix F for future market rent reviews

Rent review type FY15 (all leases)

	First-half	Second-half	% of rental income ²
CPI	35 ¹	21	56%
Fixed	17	22	31%
Market	8 ³	6	13%
Total	60	49	100%



Market rent reviews (BWH)
Hoxton Park, NSW
Maitland, NSW
Mornington, VIC
Fountain Gate, VIC
Nunawading, VIC
Morayfield, QLD
Mile End, SA

¹ 52 CPI and fixed reviews completed H1 FY15 with average 3.0% increase

² percentage based on portfolio rental as at 31 December 2014

³ 4 market rent reviews resolved in H1 FY15

Portfolio - revaluations

- > Dec 2014 weighted average capitalisation rate 7.41% (refer Appendix G & H):
 - Jun 2014: 7.59% and Dec 2013: 7.71%
 - Stand alone Bunnings Warehouses weighted average cap rate of 7.34%
 - 10 independent valuations (12% of BWP portfolio value), average cap rate 7.34%
 - 63 internal valuations, average cap rate 7.34%
- > Half-year net fair value gain of \$68.2m on revaluation
 - \$46.2m from rental growth and \$22.0 from cap rate compression
 - Cap rate movement; 40 properties no change, 32 properties decreased and 7 properties increased



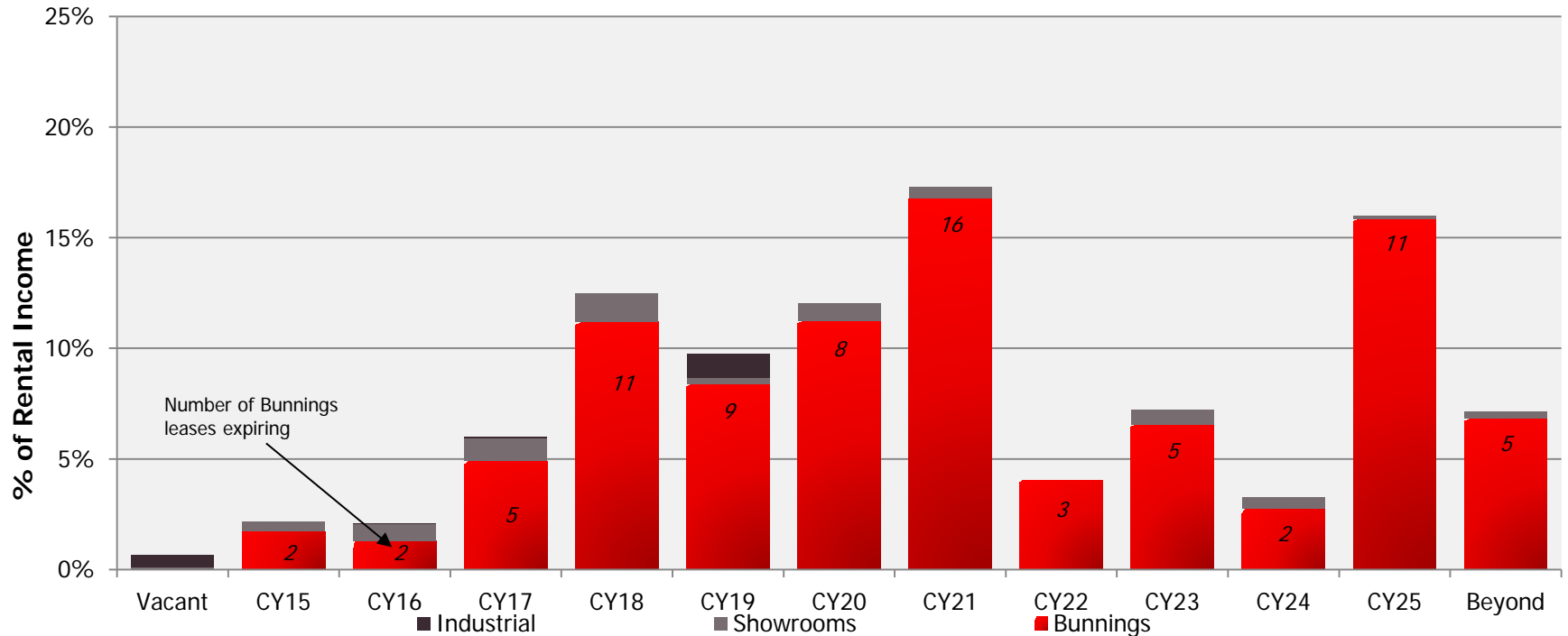
Ellenbrook, WA

Portfolio – Bunnings lease expiries

- > 9 Bunnings leases expiring in the next three years
- > +99% occupancy

Property	Lease term expiry	Options	Annual rent (\$'000)	Comments
Morley	Jul 2015	4 x 5 yrs	1,290	In discussions with Bunnings
Mt Gravatt	Dec 2015	5 x 5 yrs	1,163	Too early for consideration
Belmont North	Mar 2016	2 x 5 yrs	939	Too early for consideration
Coffs Harbour	Nov 2016	2 x 5 yrs	883	Property scheduled to settle in June 2015
Gladstone	Feb 2017	4 x 5 yrs	1,093	Too early for consideration
Oakleigh South	Mar 2017	2 x 5 yrs	1,898	Too early for consideration
Dandenong	Nov 2017	2 x 5 yrs	1,572	Too early for consideration
Hervey Bay	Dec 2017	2 x 5 yrs	1,218	Too early for consideration
Fyshwick	Dec 2017	5 yrs	1,209	Too early for consideration

Portfolio – weighted average lease expiry profile



- > All leases expiring in the next five years represent 32.5% of portfolio rental income
- > 29 Bunnings leases expiring in the next five years represent 27.5% of portfolio rental income
- > Refer Appendix I for weighted average lease expiry table

Portfolio – non-core property divestments

The sale of four properties completed during the period¹

Property	Tenancy	Sale price (\$m)	Settlement date	Comments
Regency Park	Ex-Blackwoods	3.9	Jul 14	Completed
Hemmant	Ex-Bunnings	21.3	Sep 14	Completed
Sandown	Ex-Bunnings	8.6	Oct 14	Completed
Sunshine	Bunnings	13.0	Dec 14	Completed
Coffs Harbour	Bunnings	7.3	Jun 15	Rent payable until settlement
Total		54.1		

¹ Coffs Harbour to settle in June 2015

Portfolio - Bunnings Warehouse replacements

Cairns

- > Bunnings moving to new site in FY2015
- > Well located site in central Cairns
- > Leased to Bunnings until Feb 2018
- > Considering re-leasing, development and/or sale

Cairns CBD

New Bunnings Warehouse site

Trust-owned existing Bunnings Warehouse site

New Masters Warehouse



Portfolio - Bunnings Warehouse replacements

Joondalup

- > Bunnings has moved to a new site
- > Well located site, good access and visibility
- > Leased to Bunnings until Sept 2018
- > Considering re-leasing, development and/or sale

- New Bunnings Warehouse
- Masters
- Large format retail



Lakeside Joondalup Shopping City

Trust-owned old Bunnings Warehouse site

Portfolio - Bunnings Warehouse replacements

Altona

- > Bunnings has moved to a new site
- > Leased to Bunnings until Sept 2018
- > Well located site, good access and visibility
- > Considering re-leasing, development and/or sale



Portfolio - Bunnings Warehouse replacements

Mentone

- > Bunnings has moved to a new site
- > Leased to Bunnings until Sept 2018
- > Well located site, good access and visibility
- > Sub-let to Super A-Mart

Southland shopping centre

Melbourne CBD



Trust-owned old Bunnings site

New large format centre being developed

New Bunnings Warehouse

Portfolio - Bunnings Warehouse replacements

Burleigh Heads

- > Bunnings has moved to a new site
- > Well located site, next to Stockland owned shopping centre
- > Leased to Bunnings until Oct 2018
- > Re-leasing discussions in progress

New Bunnings Warehouse

Trust-owned existing Bunnings Warehouse

Stockland owned shopping centre



Portfolio - Bunnings Warehouse replacements

Mindarie

- > Bunnings has moved to a new site
- > Leased to Bunnings until Sept 2021
- > Well located site, next to AMP owned shopping centre
- > Considering re-leasing, development and/or sale

New Bunnings Warehouse

Large format retailing



Trust-owned old Bunnings Warehouse site

AMP-owned shopping centre

Capital management – debt facilities

- > Borrowing costs for the half-year \$13.3m (up 40.2% on previous year):
 - Average borrowings \$451.6m (2013: \$274.1m)
 - 5.79% weighted average cost of debt after hedging (2013: 6.65%)
- > Interest cover: 4.8x at 31 December 2014 (2013: 5.6x)
- > ANZ (five months) and CBA facilities (12 months) extended, and all bank facilities repriced during the period or subsequently
- > 3.4 years average duration including corporate bond as at 11 February 2015

As at 11 February 2015	Limit (\$m)	Drawn (\$m)	Expiry
ANZ	110	75	1 July 2017
CBA	110	75	31 July 2018
WBC	135	75	31 December 2017
Corporate bond	200	200	27 May 2019
Total/ Weighted average	555	425	3.4 years

Capital management – interest rate hedging

- > \$210.0m interest rate swaps at 4.89% weighted average, including delayed starts
- > 2.32 years weighted average maturity, including delayed starts

Hedge book profile by half-year ending:	Dec 14	Jun 15	Dec 15	Jun 16	Dec 16	Jun 17
Active swaps (\$ m)	210	180	180	175	135	110
Swap rates (%)						
Maximum	5.77	5.70	5.70	5.70	5.70	5.70
Minimum	3.10	3.10	3.10	3.10	3.10	3.10
Weighted average ¹	5.23	5.04	5.04	4.91	4.84	4.66

¹ Weighted average at balance date of active swaps to maturity

- > Including fixed rate corporate bonds:
 - \$410.0m hedged at 3.98% weighted average including delayed starts
 - 3.98 years weighted average maturity, including delayed starts

Outlook – key drivers

- > Home improvement retail sector performance and growth:
 - Bunnings continues to trade well on a store-on-store basis, with significant ongoing capital investment in new sites
- > Developments:
 - Increased rental income from development properties completed to date in FY15
- > Investment:
 - Cap rate compression for recent Bunnings Warehouse property transactions, asset selection important
 - Re-pricing of bank debt to lower the cost of funding (to 5.4% by 30 June 2015)
 - Will continue to increase the tenure of debt as opportunities arise
- > Rent reviews:
 - 43 CPI/ fixed rent reviews in the second half
 - 10 Bunnings MRRs to be finalised this financial year
- > Second half distribution:
 - Expected to be approximately 8.1 cents per unit, depending on rent review outcomes for the balance of FY2015

Outlook - priorities

- > Proactive management of existing assets
 - Additional upgrades of existing properties to support Bunnings' evolving business model (to increase rental income, improve building format, and extend lease expiry)
 - Continue to consider redeployment or divestment opportunities for properties that have reached optimal value for BWP (crystallise capital growth for unitholders, recycle capital, refine portfolio quality)
 - Optimise replacement store outcomes
- > Portfolio growth
 - Complete currently committed acquisitions and developments
 - Pursue opportunities to acquire additional properties on an accretive basis
- > Improve the efficiency, security and flexibility of funding
 - Leverage A- rating to diversify and lower the cost of funding through the interest rate cycle

Further information

bwptrust.com.au

Responsible entity:

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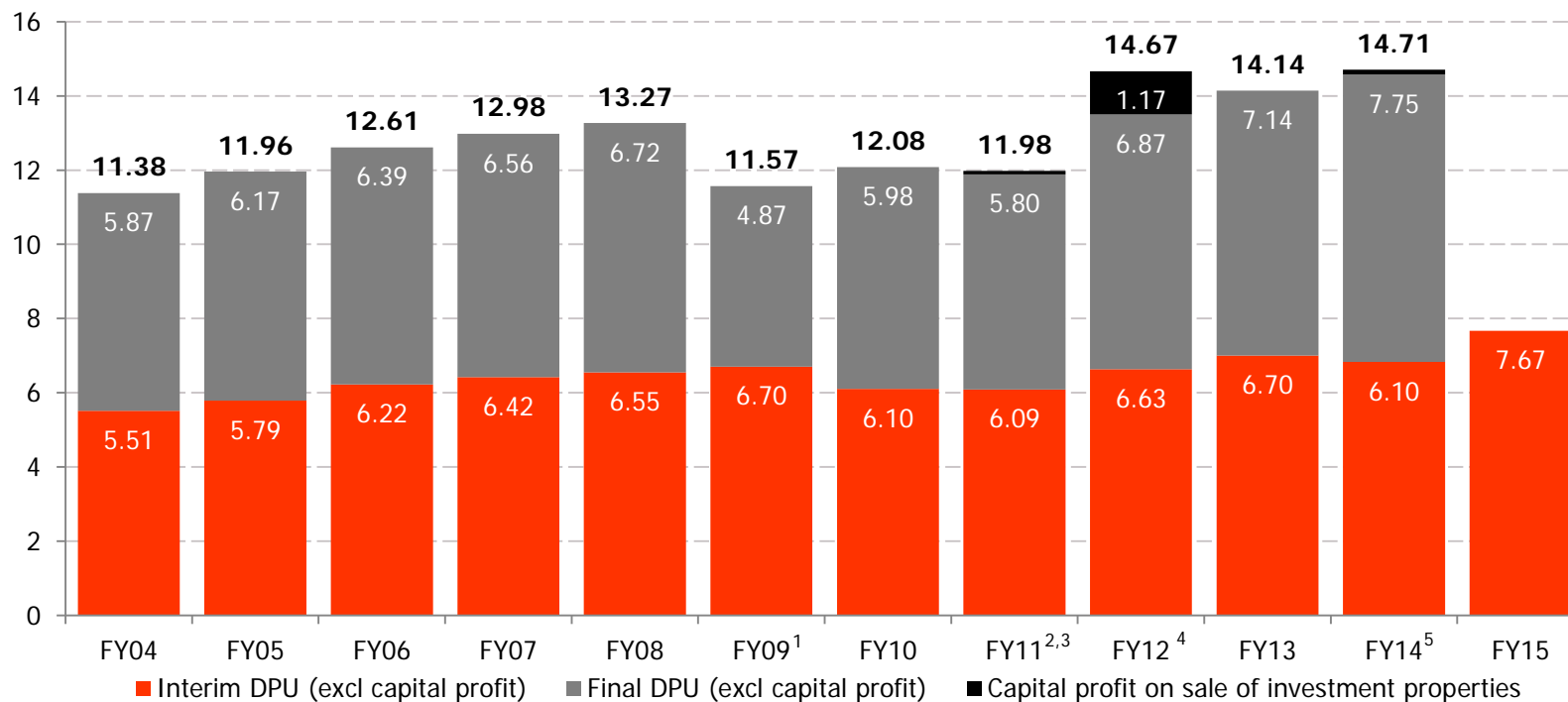
Email: investorrelations@bwptrust.com.au

Appendix A: Results – performance: 6 monthly

	6 months to Dec 14	6 months to Jun 14	6 months to Dec 13
Revenue	\$71.2m	\$67.7m	\$59.8m
Distributable profit	\$49.1m	\$49.9m	\$42.9m
Unrealised property revaluation gains	\$68.2m	\$33.3m	\$23.8m
Net profit including property revaluations	\$117.3m	\$82.4m	\$66.7m
Six month distribution (cents per unit)	7.67	7.88 ¹	6.83
Total assets	\$1,926.0m	\$1,837.4m	\$1,658.8m
Borrowings	\$451.2m	\$448.3m	\$327.7m
Weighted average cost of debt ²	5.79%	5.78%	6.65%
Net Tangible Assets (per unit)	\$2.18	\$2.07	\$2.02
NTA per unit excluding hedging liabilities	\$2.20	\$2.09	\$2.03
Weighted average cap rate	7.41%	7.59%	7.71%
Gearing (debt to total assets)	23.4%	24.4%	19.8%

Appendix B: Distributions per unit (DPU)

(cents)



¹ Final distribution FY2009 – 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

² Interim distribution FY2011 includes 0.09 cents per unit (“cpu”) capital profit released from undistributed income reserve

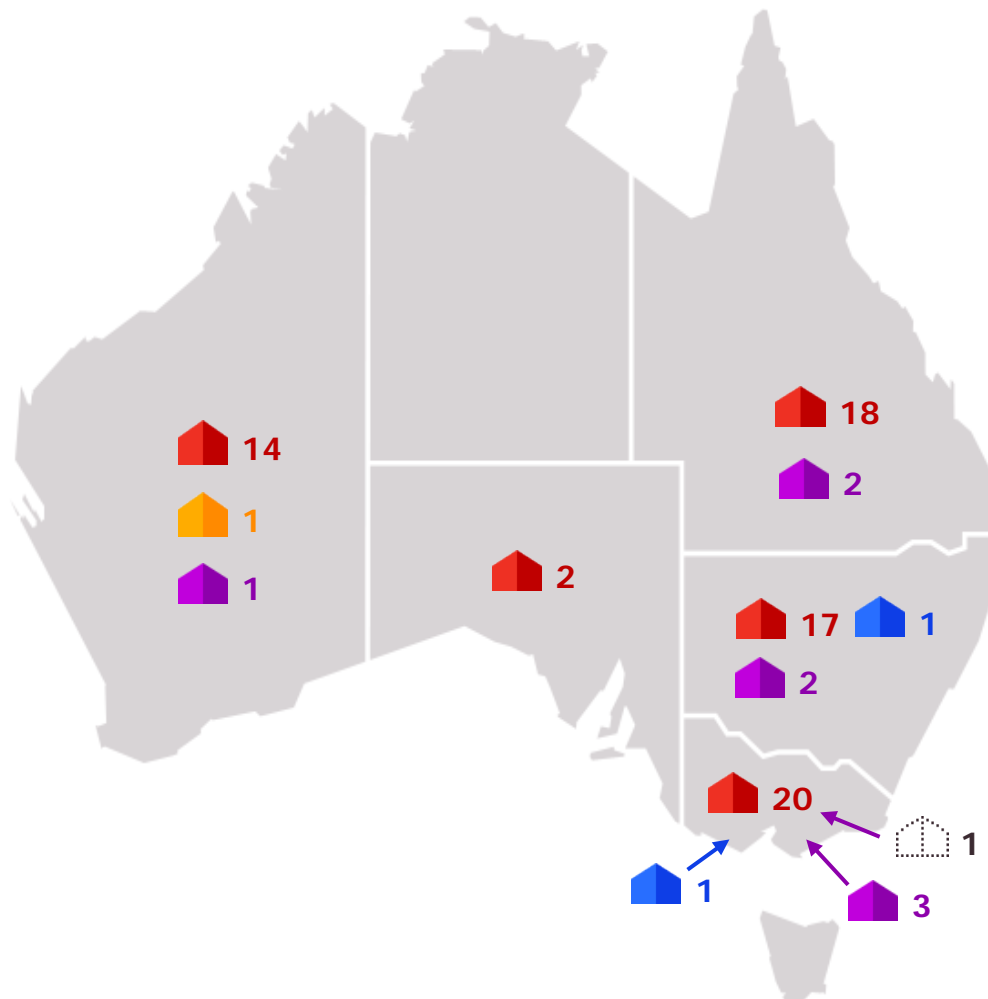
³ Final distribution FY2011 impacted by additional units issued from \$150 million capital raising to fund portfolio acquisition

⁴ Final distribution FY2012 (8.04 cpu) includes 1.17 cpu capital profit released from undistributed income reserve

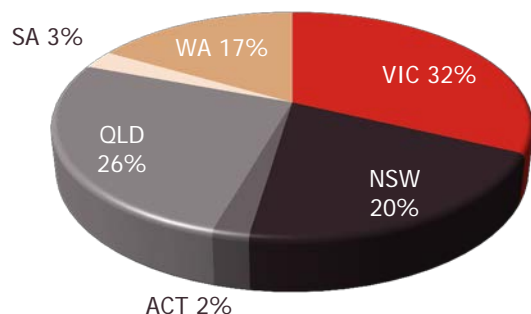
⁵ Final distribution FY2014 (7.78 cpu) includes 0.13 cpu capital profit released from undistributed income reserve

Appendix C: Portfolio - geographic spread

-  71 Bunnings Warehouses
-  8 Bunnings Warehouses and showrooms
-  1 Bunnings Warehouse development site
-  1 Large format retail showroom
-  2 Industrial properties



BWP rental income
(as at 31 Dec 2014)



Appendix D: Market rent reviews

- > 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 E: Market rent review drivers

- > Property specific factors affecting market rent review outcomes:
 - High land/development capital outlay results in higher commencing rent
 - Physical attributes: location and configuration of site; size, format and age of building and improvements
- > Market factors affecting market rent review outcomes:
 - Available evidence of comparable properties - better evidence if: recent; negotiated rent; comparable location and size and standard of construction of properties
 - Determination process: judgement and interpretation by independent expert of market evidence submitted by landlord and tenant

Appendix F – Rent reviews and revaluations

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

	FY2014 ¹	FY2015 ¹	FY2016	FY2017	FY2018	FY2019
BWH market reviews	3	7	7	8	8	16
% of total ²	4%	9%	8%	9%	8%	17%
Independent revaluations	-	23	27	29	23	27
% of total ³	-	28%	34%	33%	28%	34%

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

¹ Market rent reviews due but unresolved by 31 December 2014

² Percentages based on portfolio annual rent as at 31 December 2014

³ Percentages based on fair value of the portfolio as at 31 December 2014

Appendix G: Valuations

- > Process
 - entire portfolio re-valued every six months
 - independent valuations on a three 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 31 December 2014 by State/Territory

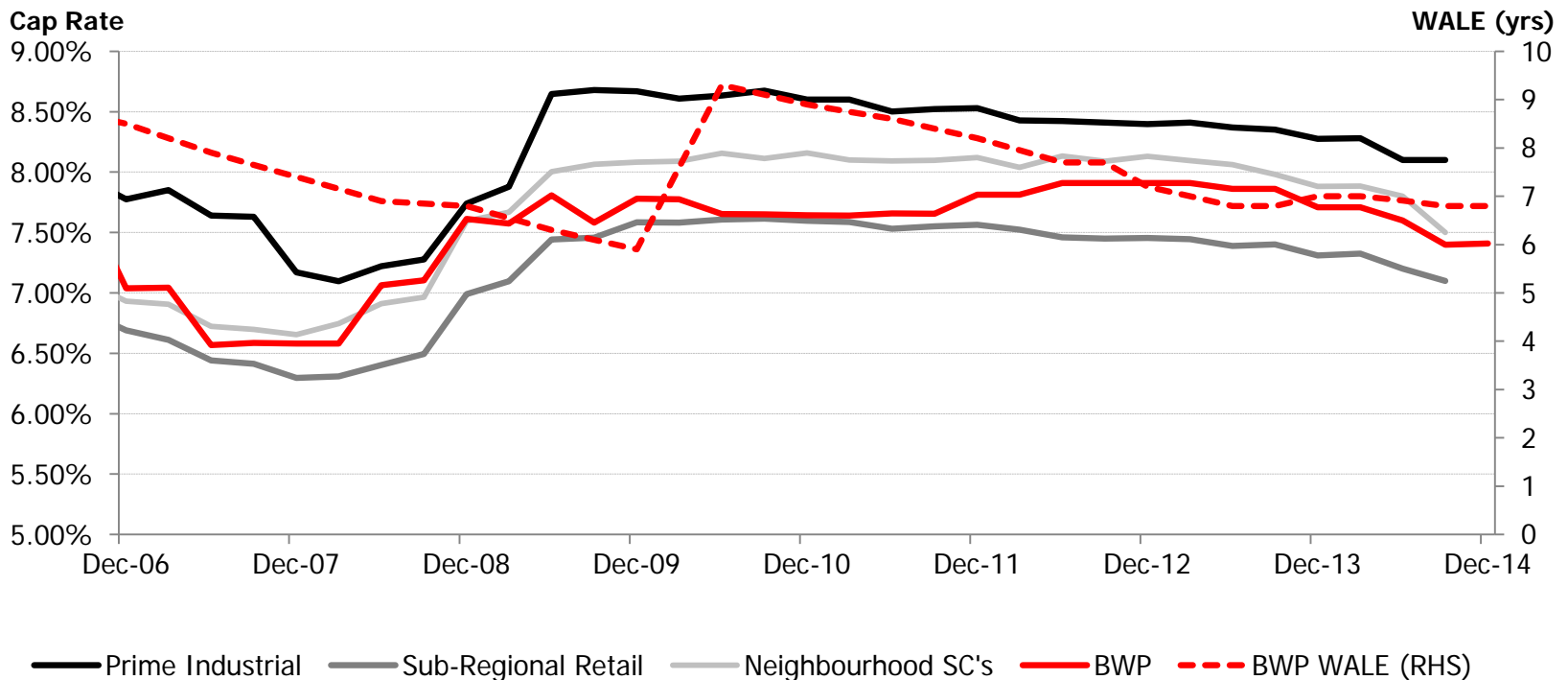
	No. of properties	Rental \$m/annum	Cap rate	Value \$m
NSW/ACT	20	31.7	7.60%	423.1
QLD	20	37.3	7.36%	469.6
SA	2	3.8	7.22%	48.9
VIC	24	45.6	7.33%	639.0
WA	16	23.6	7.44%	319.5
Total/weighted average	82	142.0	7.41%	1,900.1

Subject to rounding.

Appendix H: Capitalisation rate trends

Stable historical cap rates, strengthening valuations over the last 12 months

Historical BWP cap rates compared to other asset classes



Source: IPD Research

Appendix I: -Weighted average lease expiry data table

Year	Year End	Total Lease Expiries	Total Rental Income (\$)	Rental Income (% of Total)	Bunnings (%)	Industrial (%)	Showrooms (%)
1	31-Dec-15	5	3,055,982	2.1%	1.7%	0.0%	0.4%
2	31-Dec-16	8	2,962,562	2.1%	1.3%	0.0%	0.8%
3	31-Dec-17	10	8,569,779	6.0%	4.9%	0.1%	1.0%
4	31-Dec-18	15	17,795,466	12.5%	11.2%	0.0%	1.3%
5	31-Dec-19	14	13,873,289	9.7%	8.4%	1.1%	0.3%
6	31-Dec-20	10	17,166,202	12.0%	11.3%	0.0%	0.8%
7	31-Dec-21	20	24,631,225	17.3%	16.8%	0.0%	0.5%
8	31-Dec-22	3	5,721,038	4.0%	4.0%	0.0%	0.0%
9	31-Dec-23	7	10,273,296	7.2%	6.5%	0.0%	0.7%
10	31-Dec-24	5	4,628,298	3.2%	2.7%	0.0%	0.5%
11	31-Dec-25	12	22,781,540	16.0%	15.8%	0.0%	0.1%
	Beyond	6	10,164,380	7.1%	6.8%	0.0%	0.3%