

HALF-YEAR RESULTS TO 31 DECEMBER 2020

FEBRUARY 2021

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PRESENTATION OUTLINE



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

SUMMARY



Caroline Springs, QLD

2020/21 HALF-YEAR RESULTS AT A GLANCE

\$76.1m Total revenue ¹	\$57.9m Dist. Profit ¹	9.02 cpu Ordinary distribution ¹	\$3.20 ↑ NTA 5.3% ²	16.3% pa 10 yr total return
PORTFOLIO PERFORMANCE	PORTFOLIO MANAGEMENT	CAPITAL MANAGEMENT		
2.0% like-for-like rental growth	99.0% rent collected during period	A- S&P rating/ A3 Moody's rating maintained		
\$87.1 million ³ portfolio revaluation uplift	\$403,868 rent abatements for Code of Conduct tenants during period	17.8% gearing		
5.84% portfolio cap rate	9 Bunnings Warehouse options exercised	\$135m bank facility extended by a further year subsequent to period end		
4.3 years portfolio WALE	97.4% available space leased	3.2% cost of debt at 31 December 2020		

¹ In line with prior corresponding period.

² In comparison to prior corresponding period.

³ Gross movement in valuations an \$88.0 million revaluation gain before adjustments made for straight-lining of rent.

RESULTS

An aerial photograph of Sydney, Australia, showing the city skyline, harbor, and surrounding areas. The image captures a wide view of the city, including the harbor, the Sydney Opera House, and the Sydney Harbour Bridge. The foreground shows a dense urban area with various buildings and green spaces. The background features the ocean and distant hills.

Artarmon, NSW

FINANCIAL PERFORMANCE 6 MONTHLY



	6 months to Dec 20	6 months to Dec 19
Total revenue	\$76.1m	\$76.2m
Management expense ratio ¹	0.64%	0.63%
Other expenses	\$4.3m	\$4.2m
Net profit (excluding revaluations)	\$56.9m	\$57.2m
Property net revaluation gains	\$87.1m ²	\$78.5m ²
Net profit including property revaluations	\$144.0m	\$135.6m
Number of units on issue ³	642.4m	642.4m
Six months distribution per unit	9.02 cents	9.02 cents
Total assets ³	\$2,596.1m	\$2,487.1m
Borrowings ³	\$462.2m	\$447.0m
Weighted average cost of debt ⁴ (p.a.)	3.2%	3.5%
Net tangible assets per unit ³	\$3.20	\$3.04
Weighted average cap rate	5.84%	6.08%

¹ Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

*figures above subject to rounding

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



Rydalmere, NSW

BUNNINGS RENT REVIEW OUTCOMES



> Annual like-for-like rental growth across portfolio 2.0%

> Eight Bunnings market rent reviews were resolved during the half-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
Northland, VIC ³	2,029,869	2,029,869	-	19-Aug-20
Total/ Weighted Average	12,563,874	12,388,047	(1.4)	

¹ The market rent review was due during the year ended 30 June 2018, but the outcome was finalised during the current financial year.

² The market rent review was determined by an independent valuer.

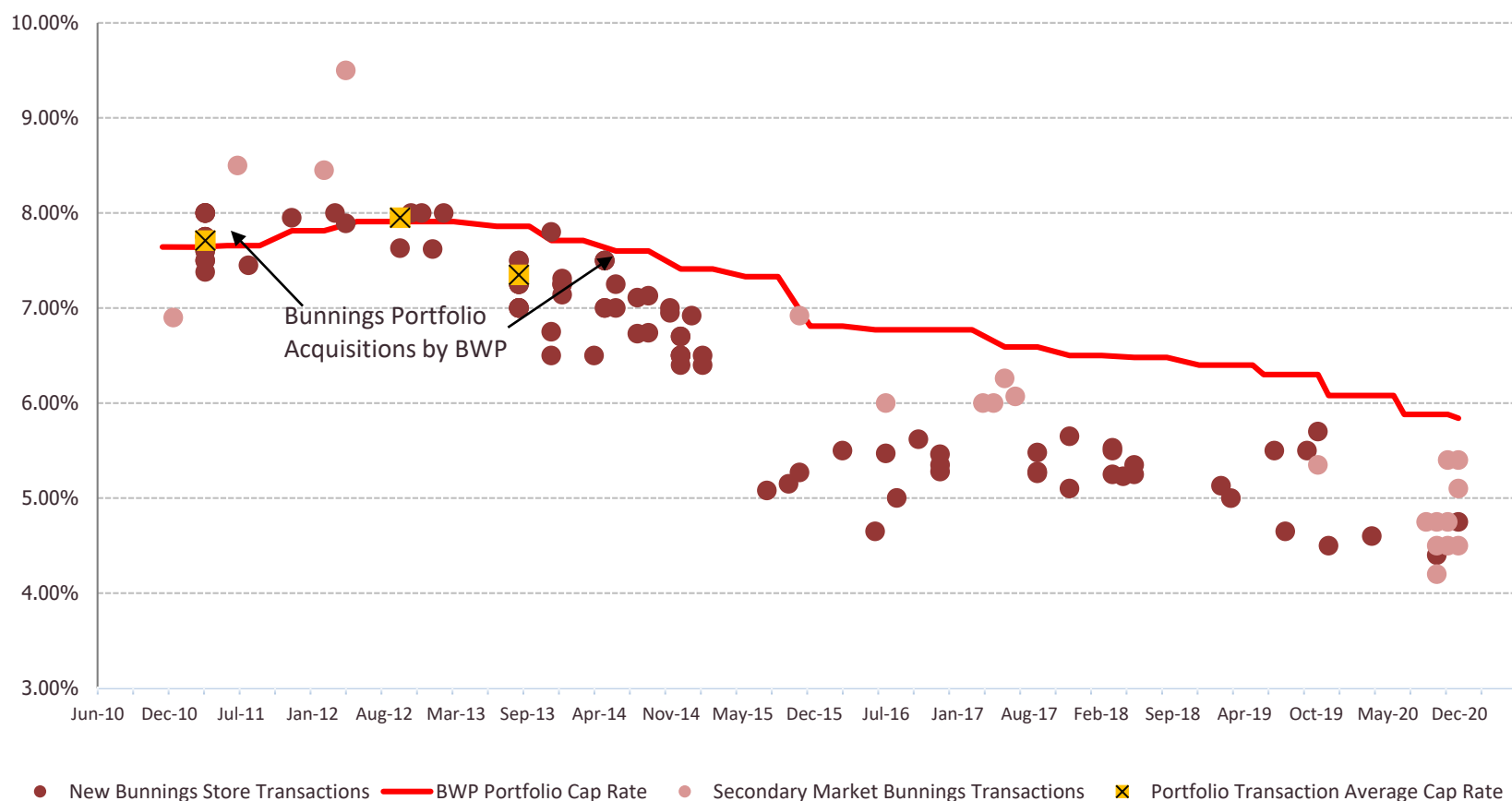
³ The market rent review was agreed between the parties.

⁴ The market rent review was due during the year ended 30 June 2019, but the outcome was finalised during the current financial year.

⁵ The market rent review was due during the year ended 30 June 2020, but the outcome was finalised during the current financial year.

CAPITALISATION RATE TRENDS

- > New Bunnings Warehouse store yields continue to tighten with the most recent transaction recorded at 4.2%



DECEMBER 2020 REVALUATIONS

- > December 2020 weighted average capitalisation rate 5.84 per cent (June 2020: 6.08 per cent)
 - 11 independent valuations (15 per cent of BWP portfolio value), average cap rate 5.66 per cent
 - 64 internal valuations, average cap rate 5.87 per cent
 - Stand alone Bunnings Warehouses weighted average cap rate of 5.44 per cent (ex-replacement stores)
 - Cap rate movement; 56 properties decreased, 14 properties no change and five properties increased
- > HY 2020/21 gross fair value gain of \$88.0¹ million on revaluation
 - Rental growth and cap rate compression contributed to the net fair value gain

Revaluations by state 31 Dec 2020	No. of properties	Rental \$/m/annum ²	Cap rate (%)	Value (\$m) ²
NSW/ACT	18	35,833	5.86	614.4
QLD	19	38,640	5.86	655.2
SA	2	4,086	5.68	71.9
VIC	20	46,762	5.42	839.2
WA	16	25,652	6.69	393.9
Total/ weighted average	75	150,974	5.84	2,574.6

¹ Gross movement in valuations; statutory accounts reflect a \$87.1 million revaluation gain after adjustments made for straight-lining of rent.

² Subject to rounding.

DECEMBER 2020 INDEPENDENT REVALUATIONS



Property	State	Dec 2020 Cap Rate (%)	Dec 2020 Valuation (\$m)	Jun 2020 Cap Rate (%)	Jun 2020 Valuation (\$m)	Cap rate movement (%)	Valuation movement (\$m)	Dec 2020 Term Certain (years)
Greenacre	NSW	5.50	52.1	6.00	47.8	(0.50)	4.3	1.3
Belrose	NSW	5.50	38.3	5.75	36.6	(0.25)	1.7	2.1
Artarmon	NSW	5.50	31.0	5.75	29.7	(0.25)	1.3	2.1
Browns Plains	QLD	5.75	49.6	6.00	47.0	(0.25)	2.6	3.4
Mt Gravatt	QLD	5.75	23.0	6.25	21.3	(0.50)	1.7	5.0
Cairns	QLD	8.50	8.5	8.00	9.0	0.50	(0.5)	-
Hawthorn	VIC	5.25	58.0	6.00	53.7	(0.75)	4.3	4.8
Nunawading	VIC	5.25	49.1	5.50	46.9	(0.25)	2.2	4.1
Northland	VIC	6.15	33.0	6.00	33.8	0.15	(0.8)	4.8
Rockingham	WA	5.50	39.2	6.00	35.5	(0.50)	3.7	6.8
Port Kennedy	WA	8.00	10.0	6.25	27.4	1.75	(17.4)	0.4
Total/ average¹		5.66	391.8	5.97	388.7	(0.32)	3.1	3.5

¹ Figures subject to rounding.

CORE PORTFOLIO



Craigieburn, VIC

CORE PORTFOLIO SUMMARY



64
properties

4.5 years
portfolio WALE

3.3 ha
average land
area

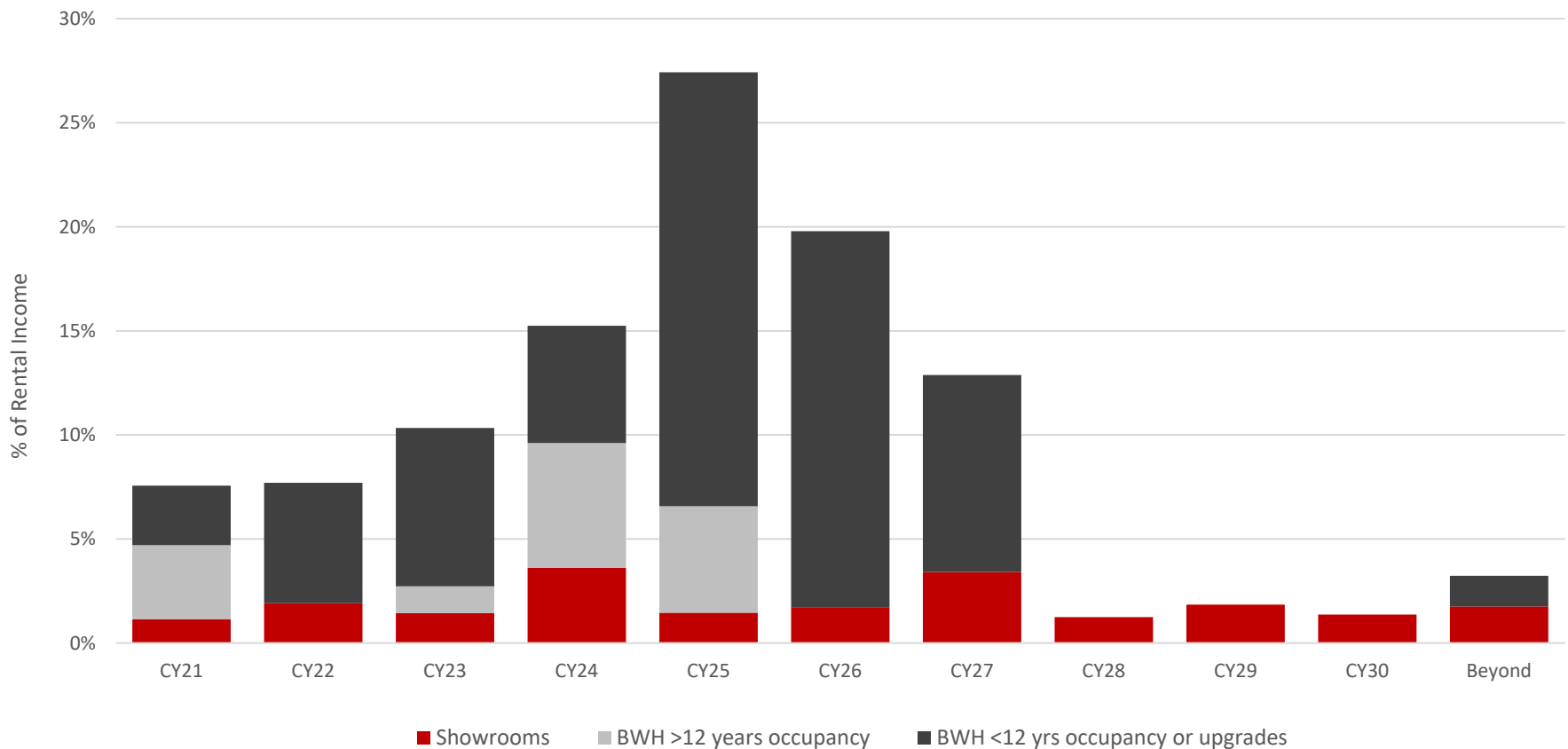
14,148m²
average lettable
area

84%
metro located
properties

72%
upgrade
properties or
occupied <12yrs

5.61%
weighted
average cap rate

WEIGHTED AVERAGE LEASE EXPIRY PROFILE



LEASE EXPIRIES NEXT THREE YEARS

- > Five year options exercised for Belmont (WA), Caroline Springs (VIC), Cockburn (WA), Fairfield Waters (QLD), Mt Gravatt (QLD), Pakenham (VIC), Smithfield (QLD) and Wagga Wagga (NSW) during the half-year
- > 10 year option exercised for Broadmeadows (VIC) during the half-year
- > Five year option exercised for Dubbo (NSW) in January 2021

Property	Lease expiry	Options	Rent (\$'000pa)	Comments
Harrisdale	Oct 2021	5 x 5 yrs	1,800	Notification required by Apr 2021
Geraldton	Dec 2021	2 x 5 yrs	1,350	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	2,171	Notification required by Sep 2021
Gladstone	Feb 2022	3 x 5 yrs	1,378	Notification required by Nov 2021
Greenacre	Apr 2022	5 x 5 yrs	2,869	Notification required by Oct 2021
Craigieburn	May 2022	5 x 5 yrs	1,773	Notification required by Nov 2021
Scoresby	May 2022	2 x 5 yrs	1,986	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	1,705	Notification required by Nov 2022
Belrose	Feb 2023	3 x 5 yrs	2,107	Notification required by Nov 2022
Wollongong	Feb 2023	2 x 5 yrs	1,452	Notification required by Nov 2022
Balcatta	Sep 2023	10 yrs	2,248	Notification required by Jul 2023
Southport	Nov 2023	10 yrs	1,772	Notification required by Sep 2023
Tuggeranong	Dec 2023	10 yrs	1,843	Notification required by Oct 2023

ALTERNATIVE USE PROPERTIES



Cairns, QLD

UNDERWOOD DIVESTMENT

- > Strong returns achieved to date 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
- > Unconditional contract now in place with an unrelated third party, settlement scheduled for May 2021
- > To be sold to a private owner occupier following a public expressions of interest campaign

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
Jun 2020 fair value	\$16.4 million

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



PORT MACQUARIE RE-PURPOSING

Financial performance to end of Bunnings lease

Purchase date	November 2003
Purchase price	\$7.5 million
Additional capital invested	\$0.5 million
Total invested capital	\$8.0 million
Total rent received	\$13.5 million
Average annual rent growth since inception	3.4% (CAGR)
Jun 2019 fair value	\$11.0 million

- > Bunnings lease expired in November 2019
- > Capital works completed in March 2020
- > 100% leased to Amart Furniture, Body Fit Gym and Sydney Tools

Property financials re-purposing

Capex works	\$7.3 million
Dec 2020 fair value	\$17.6 million
Capitalisation rate	7.25%
WALE	8.5 years



MORLEY RE-PURPOSING

- > Strong returns achieved to date as a Bunnings Warehouse (refer table below)
- > Bunnings lease expired in July 2020
- > Site previously re-zoned to allow for mixed use development
- > Numerous re-purposing opportunities being considered including medical, large format retail, retail, residential, entertainment/leisure/hospitality

Financial performance to date

Purchase date	July 2005
Purchase price	\$11.1 million
Additional capital invested	\$1.4 million
Total invested capital	\$12.5 million
Total rent received	\$18.1 million
Average annual rent growth since inception	3.7% (CAGR)
Dec 2020 fair value	\$16.0 million



MIDLAND RE-PURPOSING

- > Strong returns achieved to date as a Bunnings Warehouse (refer table below)
- > Bunnings relocated to a nearby site in December 2020
- > Lease expiry in September 2021
- > In discussions with several operators to lease site from October 2021

Financial performance to date

Purchase date	September 2001
Purchase price	\$9.5 million
Additional capital invested	\$0.7 million
Total invested capital	\$10.2 million
Total rent received	\$26.3 million
Average annual rent growth since inception	4.1% (CAGR)
Dec 2020 fair value	\$15.0 million



ALTERNATIVE USE PROPERTIES UPDATE



Property	Lease expiry ¹	Comments
Cairns	Expired	Short term lease to Queensland Government for a pop-up sports arena Concept and feasibility finalised for multi-tenanted industrial development
Belmont North	Mar 2021	Considering redevelopment/divestment options. Re-zoning currently underway
Port Kennedy	May 2021	Various options being considered for re-purposing
Mindarie	Sep 2021	Conditional contract to sell with settlement scheduled in Jul 2021
Albany	Oct 2024	Considering redevelopment/divestment options
Northland	Aug 2025	Considering redevelopment/ divestment options

¹ End of the current Bunnings lease term.

CAPITAL MANAGEMENT

An aerial photograph of Villawood, NSW, showing a dense urban landscape. The foreground and middle ground are filled with a mix of residential houses, some with red roofs, and large industrial buildings with grey roofs. A railway line runs through the middle of the image. The background shows a vast expanse of suburban housing stretching towards the horizon under a clear blue sky.

Villawood, NSW

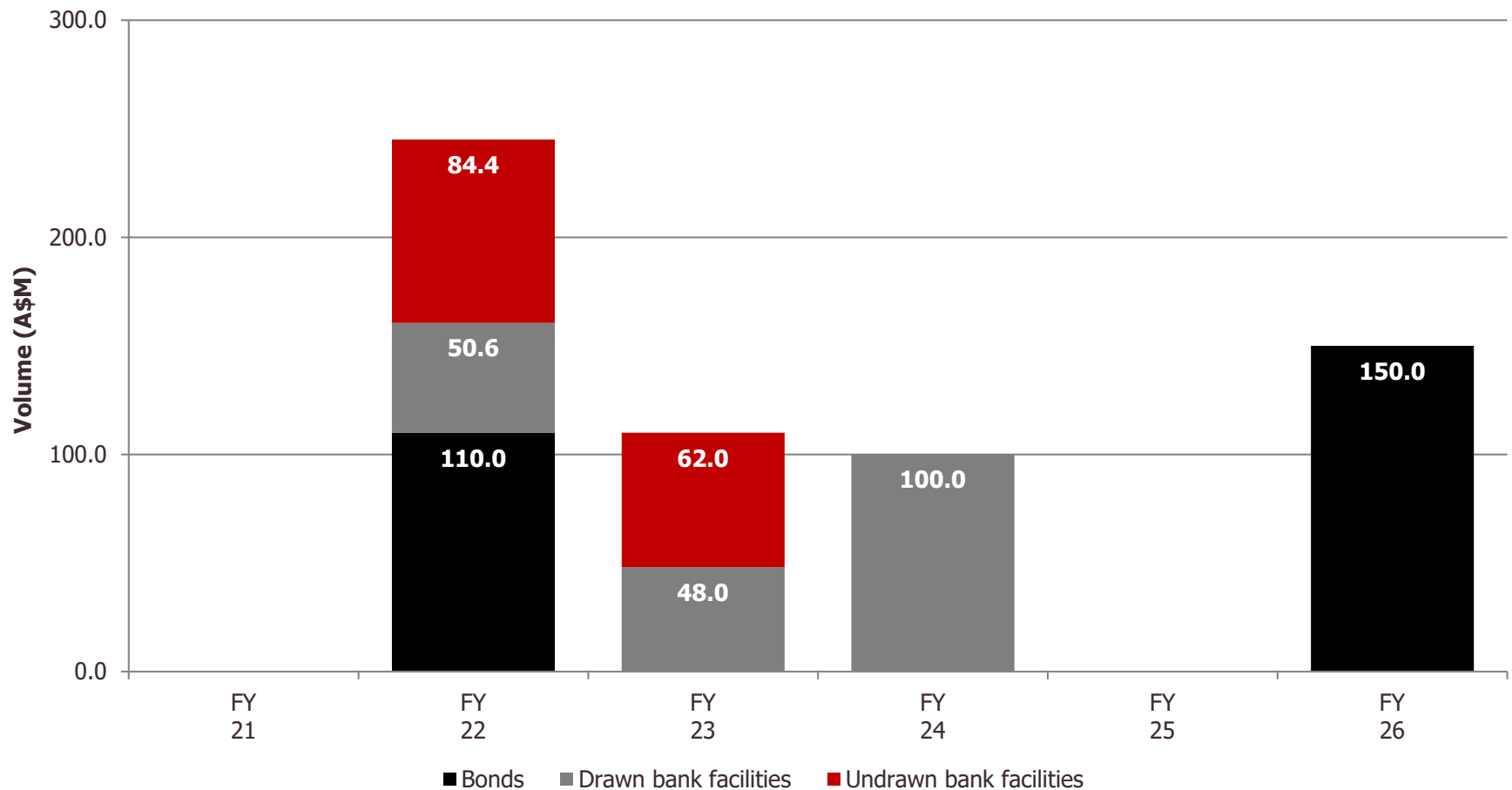
DEBT FACILITIES

- > Average borrowings for the half-year \$467.8 million (up 6.6 per cent on prior corresponding period)
 - 3.2 per cent per annum weighted average cost of debt after hedging (2019: 3.5 per cent per annum)
 - Borrowing costs for the half-year \$7.5 million (down 4.1 per cent on prior corresponding period)
- > Bank facilities with CBA and WBC can be extended a further year each year, subject to agreement. The WBC facility was extended for a further one year subsequent to the period end
- > Cost of debt at 31 December 2020: 3.2 per cent per annum
- > Interest cover: 8.8 times at 31 December 2020 (2019: 8.5 times)
- > Gearing: 17.8 per cent at 31 December 2020 (2019: 18.0 per cent)
- > A- / Stable S&P rating and A3 Moody's rating

As at 31 December 2020	Limit (\$m)	Drawn (\$m)	Expiry
CBA	110	48	31 Jul 2022
WBC	135	51	30 Apr 2022
SMBC	100	100	20 May 2024
Corporate bonds- five year	110	110	11 May 2022
Corporate bonds- seven year	150	150	10 Apr 2026
Total/ weighted average	605	459	2.7 years

DEBT DURATION

Debt maturity profile as at 31 December 2020



INTEREST RATE HEDGING



Hedge book profile by half-year ending		Dec 2020	Jun 2021	Dec 2021	Jun 2022
Active swaps (\$m)		85	70	40	-
Swap rates (%)	Maximum	4.12	2.60	2.60	-
	Minimum	2.39	2.39	2.60	-
Weighted average¹		2.79	2.51	2.60	-

> Including fixed rate corporate bonds:

- \$345.0 million hedged at 1.65² per cent weighted average to maturity, at 31 December 2020

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

² Excludes margins payable on the fixed corporate bonds.

OUTLOOK



Browns Plains, QLD

OUTLOOK



Operating environment

- > The Trust is well positioned in the current COVID-19 environment with the significant majority of rental income from Bunnings and other national large format retailers which have been trading well during this time
- > 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

Rental growth

- > 22 CPI/ 19 fixed rent reviews in second half FY2021
- > 13 Bunnings MRR's to be finalised in FY2021 (in addition to 6 unresolved from FY2020)

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

FY2021 distribution

- > The Trust could expect the distribution for the year ending 30 June 2021 to be similar to the ordinary distribution paid for the year ended 30 June 2020, with capital profits being utilised to support the distribution as necessary. The distribution may be reviewed in the event COVID-19 impacts are more severe or prolonged than anticipated

QUESTIONS?



FURTHER INFORMATION

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