bwp TRUST

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4 August 2016

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

BWP results for the full-year ended 30 June 2016

In accordance with ASX Listing Rule 4.3A, the following documents are attached to this letter for release to the market:

> Appendix 4E
> Full-year 2016 results

The following will also be released in conjunction with today's results release:

> Dividend/Distribution – BWP (Actual)
> 2016 Annual Report
> Full-year 2016 results investor presentation
> 2016 Corporate Governance Statement
> Appendix 4G (Key to Corporate Governance disclosures)
> Taxable components final distribution to 30 June 2016

It is recommended that the full-year results announcement be read in conjunction with the Annual Report and accompanying ASX releases for a more detailed review of BWP Trust's activities and financial performance for the year ended 30 June 2016 and the outlook for the year ahead.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **4 August 2016** at **10:00am AEST** (8.00am AWST).

Investors and analysts wishing to participate should dial **1800 725 000** from within Australia (+612 8373 3610 from outside Australia) and ask to join the **BWP Trust Full-Year Results Investor Presentation** (conference ID number **42453874**). This briefing is recorded and made available via our website.

Yours faithfully

K A Lange
Company Secretary

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ASX release

4 August 2016

APPENDIX 4E — FINANCIAL YEAR ENDED 30 JUNE 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET		30 June 2016	30 June 2015	Variance %
Revenue from ordinary activities	$000	**150,196**	144,877	4
Profit before gains on investment properties	$000	**107,871**	101,571	6
Gains in fair value of investment properties	$000	**202,633**	108,508	87
Profit from ordinary activities attributable to unitholders	$000	**310,504**	210,079	48
Net tangible assets per unit	$	**2.56**	2.24	14
DISTRIBUTIONS				
Interim distribution paid	$000	**53,254**	49,067	9
Final distribution payable	$000	**54,603**	52,483	4
Interim distribution per unit	cents	**8.29**	7.67	8
Final distribution per unit	cents	**8.50**	8.17	4
Record date for determining entitlements to the final distribution			30th June 2016	
Payment date for final distribution			25th August 2016	

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") applied for both the interim and final distributions for the year ended 30 June 2016.

Audit

This report is based on accounts that have been audited.

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 4 August 2016 accompanying this statement.

This report should be read in conjunction with the annual financial report of the Trust and any announcements made in the period by or on behalf of the Trust in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

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ASX release

4 August 2016

FULL-YEAR RESULTS TO 30 JUNE 2016

The directors of BWP Management Limited, the responsible entity for the BWP Trust ("the Trust"), today announced the results of the Trust for the 12 months to 30 June 2016.

2016 full-year highlights

> Income of $150.2 million for the year – up 3.7 per cent on the previous corresponding period
> Final distribution of 8.50 cents, bringing the full year distribution to 16.79 cents, up 6.0 per cent on the previous year
> Finalised the upgrade of the Lismore and Rockingham Bunnings Warehouse stores
> Completed the divestment of the Blacktown industrial property
> 14 market rent reviews were finalised during the year – weighted average 5.8 per cent increase in annual rent; including 10 Bunnings Warehouses – weighted average 5.8 per cent increase in annual rent
> Like-for-like rental growth of 2.3 per cent for the 12 months to 30 June 2016
> Weighted average cost of debt of 5.0 per cent for the year, 4.9 per cent at year end
> Weighted average lease expiry of 5.9 years at 30 June 2016, with the property portfolio 99.7 per cent leased
> Net revaluation gain on the property investment portfolio of $202.6 million for the year
> Net tangible assets of $2.56 per unit at 30 June 2016 (2015: $2.24 per unit), up 14.3 per cent on the previous year
> Gearing (debt/total assets) 21.5 per cent at 30 June 2016

Results summary

Year ended 30 June		**2016**	2015
Total income	$m	**150.2**	144.9
Net profit	$m	**310.5**	210.1
(Gains) in fair value of investment properties	$m	**(202.6)**	(108.5)
Distributable profit	$m	**107.9**	101.6
Distribution per ordinary unit - interim	cents	**8.29**	7.67
- final	cents	**8.50**	8.17
Total distribution per ordinary unit	cents	**16.79**	15.84
Tax advantaged component	%	**25.44**	18.27
Total assets	$m	**2,200.5**	2,018.0
Borrowings	$m	**472.3**	485.4
Unitholders' equity	$m	**1,645.4**	1,441.8
Gearing (debt to total assets)	%	**21.5**	24.1
Number of units on issue	m	**642**	642
Number of unitholders		**24,021**	24,374
Net tangible asset backing per unit	$	**2.56**	2.24
Unit price at 30 June	$	**3.64**	3.06
Management expense ratio[1] (annualised)	%	**0.64**	0.65

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

Total income for the full-year to 30 June 2016 was $150.2 million, up by 3.7 per cent from last year. The increase in income was mainly due to rental growth from the existing property portfolio, additional rental income from the store expansions completed during the year, and from completed property developments during the previous year. On a like-for-like basis, excluding rental income from properties acquired or upgraded during or since last year, rental income increased by approximately 2.3 per cent for the year.

Finance costs of $24.3 million were 5.8 per cent lower than last year, with higher borrowing levels being offset by a lower weighted average cost of debt. The average level of borrowings was 4.5 per cent higher than the previous year ($483.4 million compared to $462.7 million). The weighted average cost of debt for the year (finance costs less finance income, as a percentage of average borrowings) was 5.0 per cent, compared to 5.5 per cent for the previous year. The reduced cost of debt was the result of lower interest rates and reduced bank fees and margins compared to the previous year.

Other operating expenses of $6.2 million were slightly lower than the previous year's $6.4 million.

The management expense ratio for the year ended 30 June 2016 was 0.64 per cent (2015: 0.65 per cent). The responsible entity waived $0.4 million in management fees during the year to maintain consistency between the growth of the management fee and growth in distributable income.

Capital expenditure

	State	$m
Acquisitions		
Minchinbury (land)	NSW	0.2
Developments		
Rockingham expansion	WA	4.6
Lismore expansion	NSW	4.6
Other expenditure		
Maitland	NSW	2.1
Other non-income producing		2.0
Total capital expenditure		**13.5**

In May 2016, the Trust acquired for $0.2 million an 835 square metre site adjoining the Trust-owned Bunnings Warehouse at Minchinbury, New South Wales. The land was acquired to improve vehicle movement in the goods inwards area at the store.

In August 2015, a $4.6 million expansion of the Trust's Lismore Bunnings Warehouse was completed by Bunnings for the Trust. As at 30 June 2015, the Trust had accrued $3.2 million of the $4.6 million in capital expenditure. The annual rental increased by approximately $0.3 million to $1.3 million on completion of the expansion works.

In October 2015, a $4.6 million expansion of the Trust's Rockingham Bunnings Warehouse was completed by Bunnings for the Trust. As at 30 June 2015, the Trust had accrued $2.5 million of the $4.6 million in capital expenditure. The annual rental increased by approximately $0.3 million to $2.0 million on completion of the expansion works.

Approximately $2.0 million was spent on various other non-income producing improvements to the portfolio during the year.

Flood damage Bunnings Warehouse Maitland, New South Wales

During the period, the Trust incurred $2.1 million in capital expenditure to rectify the damage to the Maitland Bunnings Warehouse from the floods in April 2015. Bunnings commenced partial occupation of the store in August 2015 and resumed full occupation of the store in May 2016.

New capital commitments

In April 2016, the Trust committed to expand its Villawood Bunnings Warehouse, New South Wales, at a cost of $4.0 million. The annual rental will increase by approximately $0.1 million. Following completion of the expansion expected in mid 2017, the parties will enter into a new seven year lease with five, five year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and at the exercise of each option by Bunnings, the rents are subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

Property divestments

In May 2016, the Trust completed the sale for net proceeds of $7.5 million of the industrial property at Blacktown, New South Wales.

Occupancy and weighted average lease expiry

As at 30 June 2016, the portfolio was 99.7 per cent leased, with a weighted average lease expiry ("WALE") of 5.9 years.

Rent reviews

During the year, 99 leases in the property portfolio had annual fixed or Consumer Price Index ("CPI") increases, resulting in an average increase of 2.2 per cent in the annual rent for these properties.

Market rent reviews were concluded on 10 Bunnings Warehouses and four showroom tenancies during the year. The market rent review for the Belmont North Bunnings Warehouse, due during the year, is being determined by a third party independent valuer and remained unresolved at year end.

Excluding rental income from properties acquired or upgraded during or since the previous corresponding period, rental income increased by approximately 2.3 per cent for the 12 months to 30 June 2016 (compared to 2.9 per cent for the 12 months to 30 June 2015, which was previously disclosed as a 2.6 per cent increase, but has now been updated following the finalisation of the five market rent reviews related to that period).

The unresolved market review for Belmont North as at 30 June 2016 is not included in the calculation of like-for-like rental growth for the year.

Property revaluations

The entire Trust portfolio was revalued at 31 December 2015 and again at 30 June 2016, including 26 property revaluations performed by independent valuers (10 at 31 December 2015 and 16 at 30 June 2016). Properties not independently revalued at each balance date are subject to internal valuations, with an independent valuer reviewing the methodology adopted. Factors that may affect the valuation of properties from time to time include: the supply of and competition for investment properties; leasing market conditions; the quality and condition of the particular property, including the duration of the lease; and the level of rent paid at the property compared with the broader market.

The value of the Trust's portfolio increased by $202.9 million to $2,184.2 million during the year following: acquisitions of $0.2 million, development and capital expenditure of $7.6 million, less net proceeds from divestments of $7.5 million, and a net revaluation gain of $202.6 million.

The net revaluation gain was due to growth in rental income and an average decrease in capitalisation rates across the portfolio during the year. The Trust's weighted average capitalisation rate for the portfolio at 30 June 2016 was 6.77 per cent (December 2015: 6.81 per cent; June 2015: 7.33 per cent).

Capital management

As at 30 June 2016, the weighted average duration of the Trust's debt facilities was 3.2 years to expiry (2015: 4.2 years) and average utilisation of debt facilities (average borrowings/average facility limits) for the year was 87.1 per cent (2015: 80.4 per cent).

As at 30 June 2016, the Trust's interest rate hedging cover was 79.4 per cent of borrowings, with $175.0 million of interest rate swaps and the $200.0 million fixed rate corporate bond, against interest bearing debt of $472.3 million. The weighted average term to maturity of hedging was 2.63 years, including delayed start swaps.

The Trust's gearing ratio (debt to total assets) at 30 June 2016 was 21.5 per cent (2015: 24.1 per cent), which is at the lower end of the Board's preferred range of 20 to 30 per cent. This should allow the Trust to take advantage of opportunities to create long term value when they arise. The interest cover ratio (earnings before interest and tax/interest expense) was 5.6 times (2015: 5.1 times).

Distribution

A final distribution of 8.50 cents per ordinary unit has been declared and will be made on 25 August 2016 to unitholders on the Trust's register at 5.00 pm (AEST) on 30 June 2016. The final distribution takes the total distribution for the year to 16.79 cents per unit (2015: 15.84 cents per unit). The tax advantaged component of the distribution is 25.44 per cent, which is higher than the previous year due to the property divestments that occurred in the previous year, and the taxable capital gains resulting from them.

Units allocated under the Trust's Distribution Reinvestment Plan ("DRP") in respect of the final distribution will be issued at $3.75 per unit, representing the average of the daily volume weighted average price of the Trust's units for the 20 trading days from and including 6 July 2016 to 2 August 2016, with no discount applied. Units to be allocated under the DRP were acquired on market during the time and will be transferred to participants on 25 August 2016.

Outlook

For the year ended 30 June 2016, there was strong investor demand for Bunnings Warehouse properties, which resulted in significant capitalisation rate compression. The extent to which property capitalisation rates tighten further is likely to be a function of how long interest rates continue at current levels, the growth outlook for the Australian economy, and the global economic outlook generally. The current strength of the property market is reflected in the value of the Trust's portfolio at 30 June 2016, and will also continue to be a factor in property acquisitions in the near term, which may limit portfolio growth while these economic conditions prevail. The Trust will remain disciplined in its investment approach to ensure it is best placed to create value from any new property investments over the medium term.

The current low inflation rate, as measured by CPI, will result in lower incremental growth of rental income for the Trust in the near term. Approximately 62 per cent of the Trust's rental income is subject to CPI annual adjustment and 38 per cent is subject to fixed annual adjustments, other than in years in which respective properties are due for a market rent review (typically every five years for most of the Trust's existing portfolio).

For the year ended 30 June 2016, the average CPI increase for leases in the portfolio was 1.6 per cent, which applied to annual escalations for leases comprising 57 per cent of the rental income for properties subject to a review during the year ("base rent"). For the year ending 30 June 2017, CPI reviews will apply to 53 per cent of the base rent, with leases subject to a market rent review comprising 10 per cent of the base rent, and with the balance of 37 per cent reviewed to fixed increases of three to four per cent.

The level of income growth the Trust derives from market rent reviews will depend on property specific factors and what relevant evidence is available from time to time for comparable Bunnings Warehouses or other comparable properties. It is therefore difficult to predict the likely growth from market rent reviews, particularly when often the outcome of individual market reviews is the subject of a binding determination by an independent expert.

On the basis of further expected rental growth for the existing property portfolio and after taking into account the likelihood of low inflation in the near term, the Trust could expect distribution per unit growth of about three per cent for the 2017 financial year.

For further information please contact:

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