

11 February 2016

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

BWP Trust results for the half year ended 31 December 2015

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

- > Appendix 4D – half-year results to 31 December 2015; and
- > Half-Year results announcement.

Released separately, but immediately following, will be the:

- > Half-Year Report to Unitholders (contains the Business Review and Financial Statements)
- > Half-Year Results Investor Presentation.

It is recommended that the Half-Year Report is read in conjunction with the Annual Report of BWP Trust for the year ended 30 June 2015, together with any public announcements made by BWP Trust in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An investor/analyst briefing teleconference call will be held at 11.00am AWST (2.00pm EDST) today.

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 Half-Year Results Investor Presentation** (conference ID number **19387439**). This briefing is recorded and made available via our website

Yours faithfully



K A Lange
Company Secretary

ASX release

11 February 2016

APPENDIX 4D

FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2015

		6 months to 31 Dec 15	6 months to 31 Dec 14	Variance %
RESULTS FOR ANNOUCEMENT TO THE MARKET				
Revenue from ordinary activities	\$000	74,653	71,180	5
Profit before gains on investment properties	\$000	53,295	49,121	8
Gains in fair value of investment properties	\$000	173,513	68,203	154
Profit from ordinary activities attributable to unitholders	\$000	226,808	117,324	93
Net tangible assets per unit	\$	2.52	2.18	16
DISTRIBUTIONS				
Interim distribution paid	\$000	53,254	49,066	9
Interim distribution per unit	cents	8.29	7.67	8
Record date for determining entitlements to the final distribution			31 December 2015	
Payment date for final distribution			25 February 2016	

There is no conduit foreign income included in the distribution above.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was in effect for the half-year ended 31 December 2015 and will apply to future distributions unless notice is given of its suspension or termination.

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 5.00pm (AWST) on 4 January 2016 if they were to apply to the interim distribution for 2015/16. Forms received after that time will be effective for subsequent distributions only.

Units allocated under the DRP in respect of the interim distribution for 2015/16 will be allocated at \$3.09 per unit, representing no discount to the average of the daily volume weighted average unit price for the 20 consecutive trading days from and including 7 January 2016 to 4 February 2016.

Commentary on the results for the period

The commentary on the results for the period is contained in the ASX release dated 11 February 2016 accompanying this statement.

This report should be read in conjunction with the most recent annual financial report of the Trust and any announcements made during 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.

ASX release

11 February 2016

HALF-YEAR RESULTS TO 31 DECEMBER 2015

The directors of BWP Management Limited, the responsible entity for the BWP Trust ("the Trust"), today announced the results of the Trust for the six months to 31 December 2015.

Half-year highlights

- > Income of \$74.7 million for the six months – up 4.9 per cent on the previous corresponding period
- > Distributable profit of \$53.3 million for the six months – up 8.5 per cent on the previous corresponding period
- > Interim distribution of 8.29 cents per unit – up 8.1 per cent on the previous corresponding period
- > Completed the expansion of Bunnings Warehouse stores at Lismore, New South Wales and Rockingham, Western Australia
- > Assigned Joondalup lease to Automotive Holdings Group
- > Market rent reviews on nine tenancies were completed during the six months – at a weighted average 5.4 per cent increase in annual rent
- > Like-for-like rental growth of 2.5 per cent for the 12 months to 31 December 2015
- > Weighted average cost of debt of 5.06 per cent for the six month period – down from 5.79 per cent in the previous corresponding period
- > Weighted Average Lease Expiry of 6.4 years at 31 December 2015 with 100 per cent occupancy
- > 8.7 per cent net revaluation gain on the property investment portfolio of \$173.5 million
- > Net Tangible Assets of \$2.52 per unit at 31 December 2015
- > Gearing (debt/total assets) 22.0 per cent at 31 December 2015



Results summary

Half-year ended 31 December		2015	2014
Total income	\$m	74.7	71.2
Net profit	\$m	226.8	117.3
<i>Less: net unrealised gains in fair value of investment properties</i>	\$m	(173.5)	(68.2)
Distributable profit for the period	\$m	53.3	49.1
Distribution per ordinary unit	cents	8.29	7.67
Total assets	\$m	2,179.8	1,926.0
Borrowings	\$m	479.6	451.2
Unitholders' equity	\$m	1,617.1	1,392.2
Gearing (debt to total assets)	%	22.0	23.4
Number of units on issue	m	642	640
Number of unitholders		24,675	23,974
Net tangible asset backing per unit	\$	2.52	2.18
Unit price at 31 December	\$	3.16	2.79
Management expense ratio (annualised)	%	0.66	0.63

Total income for the period was \$74.7 million, a 4.9 per cent increase over the previous corresponding period. 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 period, and from completed property developments during the previous corresponding period.

Finance costs of \$12.3 million were 7.4 per cent lower than the previous corresponding six months, with higher borrowing levels being offset by a lower weighted average cost of debt. The average level of borrowings was 6.6 per cent higher than the previous corresponding period (\$481.2 million compared with \$451.6 million). The weighted average cost of debt for the half-year (finance costs less finance income as a percentage of average borrowings) was 5.06 per cent, compared to 5.79 per cent for the previous corresponding period.

The lower cost of debt was the result of higher utilisation of debt facilities and reductions in the rate of bank fees and margins during or since the previous corresponding period. Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was higher than for the previous corresponding period (86.7 per cent compared with 75.3 per cent).

Other operating expenses of \$3.1 million were slightly lower than the previous corresponding period of \$3.3 million.



At 31 December 2015, the Trust's total assets were \$2,179.8 million, funded by unitholders' equity of \$1,617.1 million and total liabilities of \$562.7 million. The underlying net tangible asset backing of the Trust's units increased by 28 cents per unit during the period, from \$2.24 per unit at 30 June 2015, to \$2.52 per unit at 31 December 2015. This increase was the result of the net unrealised gains on revaluation of investment properties (refer to the Revaluations section).

Capital expenditure

Total capital expenditure on the portfolio during the half-year amounted to \$11.5 million, comprising the items outlined below:

	State	\$m
Developments		
Lismore	NSW	4.6 ¹
Rockingham	WA	4.6 ¹
Other expenditure		
Maitland	NSW	1.5
Sundry capital improvements		0.8
Total capital expenditure		11.5

¹ At 30 June 2015 the Trust had accrued capital expenditure of \$3.2 million for Lismore and \$2.5 million for Rockingham

New capital commitments

Work is continuing on reinstating the damaged area at the Maitland Bunnings Warehouse and implementing an appropriate longer term rectification plan. The additional capital cost to be incurred by the Trust in rectifying the damage and implementing a new storm water run-off solution is approximately \$1.0 million.

Occupancy and average lease expiry

At 31 December 2015, the portfolio was 100 per cent occupied with a weighted average lease expiry term of 6.4 years (30 June 2015: 6.6 years, 31 December 2014: 6.8 years).

Rent reviews

Fifty-two of the leases of Trust properties were subject to annual fixed or CPI reviews during the period. The weighted average increase in annual rent for these 52 leases was 2.0 per cent.

During the period, market rent reviews were concluded on six Bunnings Warehouses and the showrooms occupied by BCF at Geraldton, Western Australia and at Bayswater, Victoria, and Dollar Curtains and Blinds at Pakenham, Victoria. The market rent review for the Fountain Gate Bunnings Warehouse, due during the year ended 30 June 2015, is being determined by an independent valuer and remains unresolved as at 31 December 2015. Market rent reviews for two Trust-owned Bunnings Warehouses and one showroom due during the period are still being negotiated.



Excluding rental income from properties acquired, sold or expanded during or since the previous corresponding period, rental income increased by 2.5 per cent for the 12 months to 31 December 2015 (compared to 3.1 per cent for the 12 months to 31 December 2014, which was previously disclosed as a 2.7 per cent increase, but has now been updated following the finalisation of the 10 market rent reviews related to that period). The four unresolved market rent reviews at 31 December 2015 are not included in the calculation of like-for-like rental growth for the year.

Revaluations

During the half-year the Trust's entire investment property portfolio was revalued. Property revaluations were performed by independent valuers for 11 properties during the period. The remaining 71 properties were subject to directors' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2015 was 6.81 per cent (30 June 2015: 7.33 per cent; 31 December 2014: 7.41 per cent).

The value of the Trust's portfolio increased by \$179.3 million to \$2,160.5 million during the half-year following developments and capital expenditure of \$5.8 million and a net revaluation gain of \$173.5 million at 31 December 2015. The net revaluation gain was due to growth in rental income and an average decrease in capitalisation rates across the portfolio during the half-year.

Capital management

The weighted average duration of the debt facilities at 31 December 2015 was 3.7 years (31 December 2014: 3.3 years). The Trust's gearing ratio (debt to total assets) at 31 December 2015 was 22.0 per cent (30 June 2015: 24.1 per cent, 31 December 2014: 23.4 per cent) which is in the preferred range of 20 to 30 per cent.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements, to ensure stability of distributions. At 31 December 2015, the Trust's interest rate hedging cover was 79.2 per cent of gross borrowings (excluding prepaid interest and borrowing costs), with \$180.0 million interest rate swaps and the \$200.0 million fixed rate corporate bond against gross borrowings of \$479.7 million. The weighted average term to maturity of hedging was 2.66 years (30 June 2015: 3.17 years, 31 December 2014: 3.25 years) including delayed start swaps.

Interim distribution

For the half-year, the Trust reported a distributable profit of \$53.3 million, an increase of 8.5 per cent on the previous corresponding period, primarily due to increased property income from rental growth from the existing property portfolio, completed developments and market rent reviews, and a lower average cost of debt.

An interim distribution of 8.29 cents per ordinary unit has been declared. This is 8.1 per cent higher than the previous corresponding period (7.67 cents per unit), reflecting the increase in distributable profit over the previous corresponding period.

There were approximately 0.4 per cent more units on issue at 31 December 2015 than at 31 December 2014.

The interim distribution will be made on 25 February 2016 to unitholders on the Trust's register at 5:00 pm on 31 December 2015.

Units issued under the Trust's distribution reinvestment plan ("DRP") in respect of the interim distribution will be issued at \$3.09 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 7 January 2016 to 4 February 2016, without the application of a discount. Units to be allocated under the DRP were acquired on market and will be transferred to participants on 25 February 2016.



Outlook

Property income for the second half of 2015/16 will include a full six months' rental income from the Bunnings Warehouse expansions completed during the first half of 2015/16 and from the completed developments in the previous corresponding period.

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2016. There are 47 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of 2015/16. There are also five market rent reviews of Bunnings Warehouses, of which one relates to the year ending 30 June 2015, to be completed by the end of this financial year. As a result of increased utilisation of existing debt facilities, the Trust's average cost of debt (being the net finance costs, including interest and bank fees and margins, as a percentage of average borrowings) should reduce further to approximately 5.0 per cent for the six months ending 30 June 2016 on the basis of interest rates remaining at around current levels.

The responsible entity will continue to look to acquire quality investment properties that are value accretive for the Trust and expansion opportunities for existing stores in the portfolio. As part of ongoing active portfolio management, the responsible entity will also continue to assess potential divestments where properties have reached optimum value.

On the basis of continued rental growth from the existing portfolio, and no significant changes in the operating environment, the Trust could expect distribution per unit growth of approximately five per cent for the 2016 five year, in line with the outlook provided in August 2015.

Subsequent event

In February 2016, the Trust entered into a conditional contract with an unrelated party to sell the Cairns property that was vacated by Bunnings in 2015. The details of the transaction will be announced at the time the transaction becomes unconditional, which is expected to be at the end of March 2016. For further information please contact:

Michael Wedgwood
Managing Director
BWP Management Limited

Telephone: +61 3 9608 7473
E-mail: mwedgwood@bwptrust.com.au
Website: www.bwptrust.com.au

An investor/analyst briefing teleconference call with a question and answer session, will be held on **Thursday 11 February 2016 at 11.00am AWST (2.00pm EDST)**.

Dial **1800 725 000** from within Australia (+612 8373 3610 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **19387439**).

(An investor briefing presentation will be released separately.)