

9 February 2022

The Manager
Market Announcements Office
Australian Securities Exchange
20 Bridge St
Sydney NSW 2000

Dear Sir

BWP Trust results for the half-year ended 31 December 2021

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 2021; 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 2021, 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, with a question and answer session, will be held on **9 February 2022 at 8:30am AWST** (11:30am EDST).

The briefing will be webcast live and accessible via our website at www.bwptrust.com.au. If you wish to join the telephone conference call only, please email investorrelations@bwptrust.com.au for pre-registration details.

Yours faithfully



Karen Lange
Company Secretary

This announcement was authorised to be given to the ASX by the Company Secretary of BWP Management Limited.

ASX release

9 February 2022

APPENDIX 4D

FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2021

		6 months to 31 Dec 2021	6 months to 31 Dec 2020	Variance %
Results for announcement to the Market				
Revenue from ordinary activities	\$000	75,864	76,105	-
Profit before gains on investment properties	\$000	56,479	56,912	(1)
Gains in fair value of investment properties	\$000	291,803	87,064	235
Profit from ordinary activities attributable to unitholders	\$000	348,282	143,976	142
Net tangible assets per unit	\$	3.75	3.20	17
DISTRIBUTIONS				
Interim distribution paid	\$000	57,943	57,943	-
Interim distribution per unit	cents	9.02	9.02	-

Record date for determining entitlements to the final distribution 31 December 2021

Payment date for the final distribution 25 February 2022

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 2021 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 2022 if they were to apply to the interim distribution for 2021/22. Forms received after that time will be effective for subsequent distributions only.

The allocation price for units allocated under the DRP in respect of the interim distribution for 2021/22 is \$4.03 per unit. The allocation price was calculated as the average of the daily volume weighted average unit price for the 20 consecutive trading days from and including 6 January 2022 to 3 February 2022, with no discount to be applied.

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 9 February 2022 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.

For further information please contact:

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ASX release

9 February 2022

HALF-YEAR RESULTS TO 31 DECEMBER 2021

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 2021.

Half-year highlights

- > Net profit for the six months was \$348.3 million, which included \$291.8 million of unrealised gains in the fair value of investment properties
- > Distributable amount of \$57.9 million for the six months – in line with the previous corresponding period
- > Interim distribution of 9.02 cents per unit – in line with the previous corresponding period
- > Like-for-like rental growth of 2.2 per cent for the 12 months to 31 December 2021
- > Weighted average lease expiry of 4.3 years at 31 December 2021 with 97.6 per cent leased
- > Gearing (debt/total assets) 15.5 per cent as at 31 December 2021
- > Weighted average cost of debt of 3.2 per cent per annum for the six month period
- > \$2.9 billion portfolio valuation as at 31 December 2021
- > Net tangible assets of \$3.75 per unit at 31 December 2021



Results summary

Half-year ended 31 December		2021	2020
Total income	\$m	75.9	76.1
Total expenses	\$m	(19.4)	(19.2)
Profit before gains in fair value of investment properties	\$m	56.5	56.9
Gains in fair value of investment properties	\$m	291.8	87.1
Net profit	\$m	348.3	144.0
<i>Less:</i> gains in fair value of investment properties	\$m	(291.8)	(87.1)
Amounts released from undistributed income reserve	\$m	1.5	1.0
Distributable amount for period	\$m	57.9	57.9
Distribution per ordinary unit	cents	9.02	9.02
Total assets	\$m	2,939.6	2,596.1
Borrowings	\$m	455.5	462.2
Unitholders' equity	\$m	2,407.4	2,055.8
Gearing (debt to total assets)	%	15.5	17.8
Number of units on issue	m	642	642
Number of unitholders		24,237	23,345
Net tangible asset backing per unit	\$	3.75	3.20
Unit price at 31 December	\$	4.15	4.42
Management expense ratio ¹ (annualised)	%	0.63	0.64

¹: Expenses other than property outgoings and borrowing costs as a percentage of average total assets. Figures above subject to rounding.

Net profit for the period was \$348.3 million, including \$291.8 million of unrealised gains in the fair value of investment properties. This compares with net profit for the previous corresponding period of \$144.0 million which included unrealised gains of \$87.1 million in the fair value of investment properties.

Total income for the period was \$75.9 million, a decrease of 0.3 per cent over the previous corresponding period, after taking into account rent abatements of \$332,372 provided to tenants impacted by the COVID-19 shutdowns during the six months to 31 December 2021 (2020: \$403,658).

Finance costs of \$7.5 million were in line with the previous corresponding period, with the weighted average cost of debt remaining at 3.2 per cent. The average level of borrowings was largely in line with the previous corresponding period (\$466.2 million compared with \$467.8 million). Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was similar to the previous corresponding period (77.1 per cent compared with 77.3 per cent).

Other operating expenses remained at the same level as the previous corresponding period at \$4.3 million.



For the half-year the Trust reported a distributable amount of \$57.9 million, in line with the previous corresponding period, and which included a partial release of retained capital profits of \$1.5 million (31 December 2020: \$1.0 million).

At 31 December 2021, the Trust's total assets were \$2.9 billion, with unitholders' equity of \$2.4 billion and total liabilities of \$0.5 billion.

The underlying net tangible asset backing of the Trust's units increased by 46 cents per unit during the period, from \$3.29 per unit at 30 June 2021, to \$3.75 per unit at 31 December 2021. This increase was largely due to the net unrealised gains on revaluation of investment properties.

An interim distribution of 9.02 cents per ordinary unit has been declared. This is the same as the previous corresponding period (9.02 cents per unit). The interim distribution will be made on 25 February 2022 to unitholders on the Trust's register at 5:00 pm AWST on 31 December 2021.

Capital Expenditure

Capital expenditure of \$2.3 million was incurred during the period. It comprised minor works at various properties (31 December 2020: \$2.4 million).

Acquisitions and Divestments

In July 2021, the Trust completed the sale for \$14.5 million to an unrelated third party of its Mindarie, Western Australia property which had previously been occupied by Bunnings.

The Trust did not acquire any properties during the period.

Capital Commitments

Commitment to expansion of Bunnings Warehouse, Lismore, New South Wales

In August 2021, the Trust committed to acquire adjoining land for \$1.5 million and expand its Lismore Bunnings Warehouse, New South Wales at a cost of \$11.3 million. The annual rental will increase by approximately \$0.5 million.

Occupancy and Average Lease Expiry

At 31 December 2021, the portfolio was 97.6 per cent leased with a weighted average lease expiry term of 4.3 years (30 June 2021: 4.2 years, 31 December 2020: 4.3 years).

Rent Reviews

The rent payable for each leased property is increased annually, either by a fixed percentage or by CPI, except when a property is due for a market rent review.

Annual Escalations

Forty seven 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 23 CPI reviews was 3.3 percent and the 24 fixed reviews was 3.4 per cent.



Market Rent Reviews

The market rent reviews that were due for eight Bunnings Warehouses during the year ended 30 June 2021 and four that were due during the six months to 31 December 2021 are still being negotiated or are being determined by an independent valuer and remain unresolved. The market rent reviews completed during the half-year are shown in the following table.

Property location	Passing rent	Market review	Variance	Effective date
	(\$ pa)	(\$ pa)	(%)	
Fountain Gate, VIC ^{1,2}	1,760,103	1,770,000	0.6	1-Feb-20
Nunawading, VIC ^{1,2}	2,493,480	2,500,000	0.3	11-Feb-20
Mt Gravatt, QLD ^{2,3}	1,406,886	1,368,000	(2.8)	17-Dec-20
Belmont, WA ^{2,3}	1,630,966	1,493,000	(8.5)	31-Mar-21
Cockburn, WA ^{2,3}	1,826,682	1,776,000	(2.8)	31-Mar-21
Total/ Weighted average	9,118,118	8,907,000	(2.3)	

¹ Market rent review was due during the year ended 30 June 2020, 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 due during the year ended 30 June 2021, but the outcome was only finalised during the current financial year.

Like-for-Like Rental Growth

Excluding rental income from properties acquired, upgraded or vacated and re-leased during or since the previous corresponding period, rental income increased by approximately 2.2 per cent for the 12 months to 31 December 2021 (compared to 1.8 per cent for the 12 months to 31 December 2020 which was previously disclosed as a 2.0 per cent increase, but has now been updated following the finalisation of the six market rent reviews related to that period).

The unresolved market reviews at 31 December 2021 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 10 properties during the period. The remaining 63 properties were subject to directors' valuations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2021 was 5.11 per cent (30 June 2021: 5.65 per cent; 31 December 2020: 5.84 per cent).

The value of the Trust's portfolio increased by \$280.6 million to \$2,916.7 million during the half-year following capital expenditure of \$2.3 million and revaluation gains of \$291.8 million, after adjusting for the straight-lining of rent of \$1.0 million and less net proceeds from divestments of \$14.5 million.



Capital Management

The Trust's debt facilities as at 31 December 2021 are summarised below:

	Limit (\$m)	Amount drawn (\$m)	Expiry date
Bank debt facilities			
Westpac Banking Corporation	135.0	48.5	30 April 2023
Commonwealth Bank of Australia	110.0	43.4	31 July 2023
Sumitomo Mitsui Banking Corporation ¹	-	-	-
Corporate bonds			
Fixed term five-year corporate bonds	110.0	110.0	11 May 2022
Fixed term seven-year corporate bonds	150.0	150.0	10 April 2022
Fixed term seven-year corporate bonds	100.0	100.0	24 March 2028
	605.0	451.9	

¹ During the previous year, the Trust restructured its debt facility with Sumitomo Mitsui Banking Corporation. In March 2021 the Trust issued a new fixed term seven-year bond of \$100 million which matures in March 2028. The funds from this bond issue were used to repay the \$100 million debt facility with Sumitomo Mitsui Banking Corporation which was due to expire in May 2024. The debt facility with Sumitomo Mitsui Banking Corporation was restructured and replaced with a \$110 million five-year forward start cash advance term facility, with an effective start date in March 2022, with drawdown likely in April 2022. This restructured facility has been established to repay the \$110 million fixed term five-year corporate bond that matures in May 2022.

Outlook

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2022. There are 46 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of the 2021/22 financial year. There are also 16 market rent reviews of Bunnings Warehouses that remain unresolved and are in the process of being finalised.

The primary focus for the remainder of the financial year is on filling any vacancies in the portfolio, progressing store upgrades, re-zonings and extending Bunnings leases through the exercise of options. The Trust will continue to look for opportunities to acquire assets where there is good potential for value creation.

Subject to there being no major COVID-19 or other disruption of the Australian economy, the Trust could expect the distribution for the year ending 30 June 2022 to be similar to the ordinary distribution paid for the year ended 30 June 2021. Capital profits may be utilised to support the distribution.

Michael Wedgwood

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