

3 August 2022

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

Dear Sir/Madam

BWP results for the full-year ended 30 June 2022

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 2022 results

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

- > 2022 Annual Report
- > Full-year 2022 results investor presentation
- > 2022 Corporate Governance Statement
- > Appendix 4G (Key to Corporate Governance disclosures)
- > Dividend/Distribution – BWP (Actual)
- > Attribution Managed Investment Trust Fund payment notice.

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 2022 and the outlook for the year ahead.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **3 August 2022** at **8.30AM AWST** (10.30AM AEST).

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

Yours faithfully



K A Lange
Company Secretary

ASX release

3 August 2022

APPENDIX 4E

FINANCIAL YEAR ENDED 30 JUNE 2022

		30 June 2022	30 June 2021	Variance %
RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenue from ordinary activities	\$000	153,266	152,242	0.7
Profit before gains on investment properties	\$000	114,698	113,986	0.6
Gains in fair value of investment properties	\$000	371,939	149,183	149.3
Profit from ordinary activities attributable to unitholders	\$000	486,637	263,169	84.9
Net tangible assets per unit	\$	3.87	3.29	17.6
DISTRIBUTIONS				
Interim distribution paid	\$000	57,943	57,943	-
Final distribution paid	\$000	59,549	59,549	-
Interim distribution paid	cents	9.02	9.02	-
Final distribution paid	cents	9.27	9.27	-

Record date for determining entitlements to the final distribution 30 June 2022

Payment date for the final distribution 19 August 2022

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") applied for both the interim and final distribution for the year ended 30 June 2022.

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 3 August 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.

ASX release

3 August 2022

FULL-YEAR RESULTS TO 30 JUNE 2022

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 2022.

The assessed valuation of the Trust’s property portfolio increased by \$371.9 million during the year to \$3.0 billion, up 14.1 per cent from the prior year, reflecting the ongoing attractiveness of Bunnings Warehouse properties to investors.

During the period, five-year options were exercised for Geraldton (WA), Mornington (VIC), Frankston (VIC), Gladstone (QLD), Greenacre (NSW), Craigieburn (VIC), and Scoresby (VIC) Bunnings Warehouse properties. The Trust also agreed to a \$12.8 million upgrade of the Lismore (NSW) Bunnings Warehouse property. Good progress has been made on re-leasing the Hervey Bay (QLD) Bunnings Warehouse property when it becomes available at the end of the Bunnings lease and the Port Kennedy (WA) ex-Bunnings tenancy which is currently vacant. The Trust is also well advanced in determining the alternative use for the Belmont North (NSW) and Morley (WA) properties.

Market rent reviews on 14 properties (including 10 Bunnings Warehouse properties) were finalised during the year, with rents broadly in line with market. No property assets were acquired during the period. In July 2021, the Trust completed the sale for \$14.5 million to an unrelated third party of its Mindarie (WA) property which Bunnings had previously occupied.

The Trust pays out 100 per cent of distributable profit (which includes any capital profits released) every six months. Divestments and the repositioning of vacated properties can impact the amount of distributable profit available in any particular reporting period. Net profit before revaluation gains for the year ended 30 June 2022 was \$114.7million, a 0.6 per cent increase from the prior corresponding period. BWP reported a full-year ordinary distribution of 18.29 cents per unit, the same as reported for the prior corresponding period, including 0.44 cents per unit (2021: 0.54 cents per unit) of capital profits from previous property divestments.

Taking into account green electricity usage and Australian Carbon Credit Units (“ACCUs”) acquitted during the period, the Trust’s net Scope 2 emissions position for the year ended 30 June 2022 was zero tonnes CO₂e.¹ The Trust incurs Scope 2 emissions from electricity usage at a small number of properties where the Trust has responsibility for that usage. No Scope 1 emissions are produced as the Trust’s business activities do not directly release emissions into the atmosphere. The Trust is in the process of further understanding its Scope 3 emissions.

¹ Prepared in accordance with the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol.



2021/22 full-year highlights

- > Final distribution of 9.27 cents, bringing the full-year ordinary distribution to 18.29 cents, in line with the previous year
- > 14 market rent reviews (including 10 Bunnings Warehouse properties) finalised during the year with rents broadly in line with the market
- > Like-for-like rental growth of 3.3 per cent for the 12 months to 30 June 2022, taking into account the average inflation on Consumer Price Index ("CPI") linked leases of 3.3 per cent
- > Weighted average cost of debt of 3.0 per cent for the year, 2.7 per cent at year-end
- > Weighted average lease expiry ("WALE") of 3.9 years at 30 June 2022
- > Portfolio 97.5 per cent leased
- > Net revaluation gains on the property investment portfolio of \$371.9 million for the year
- > Net tangible assets of \$3.87 per unit at 30 June 2022 (2021: \$3.29 per unit), up 17.6 per cent on the previous year
- > Gearing (debt/total assets) 15.1 per cent at 30 June 2022



Results summary

Year ended 30 June		2022	2021
Total income	\$m	153.3	152.2
Total expenses	\$m	(38.6)	(38.3)
Profit before gains in fair value of investment properties	\$m	114.7	114.0
Gains in fair value of investment properties	\$m	371.9	149.2
Net profit	\$m	486.6	263.2
Less: gains in fair value of investment properties	\$m	(371.9)	(149.2)
Capital profits released from undistributed income reserve	\$m	2.8	3.5
Distributable profit	\$m	117.5	117.5
Distribution per ordinary unit			
- interim	cents	9.02	9.02
- final	cents	9.27	9.27
- total	cents	18.29	18.29
Tax-advantaged component	%	21.84	12.22
Total assets	\$m	3,021.9	2,674.6
Borrowings	\$m	455.6	474.7
Unitholders' equity	\$m	2,486.3	2,116.4
Gearing (debt to total assets)	%	15.1	17.7
Number of units on issue	m	642	642
Number of unitholders		24,016	24,155
Net tangible asset backing per unit	\$	3.87	3.29
Unit price at 30 June	\$	3.89	4.26
Management expense ratio ¹ (annualised)	%	0.64	0.63

Figures above subject to rounding.

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 2022 was \$153.3 million, up by 0.7 per cent from last year. Rental and other property income was \$1.0 million higher than the previous year largely due to annual increases in rent and rent from repositioned properties. During the year, the Trust granted rent abatements of \$0.3 million (2021: \$0.5 million) to tenants affected by the COVID-19 shutdowns.

Finance costs of \$13.8 million were 7.9 per cent lower than last year, due to a lower weighted average cost of debt and a lower average level of borrowing for the year. The weighted average cost of debt for the year (finance costs as a percentage of average borrowings) was 3.0 per cent, compared to 3.1 per cent for the previous year. The average level of borrowings was 2.5 per cent lower than the previous year (\$465.0 million compared with \$477.1 million).

Other operating expenses were broadly in line with the previous year at \$8.7 million compared to \$8.6 million in the previous year.

The management expense ratio for the year ended 30 June 2022 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) increased from 0.63 per cent in the previous year to 0.64 per cent for the current year. The management expense ratio was higher due to an increase in property valuations throughout the year, along with the management fee waiver on \$75 million of gross assets ceasing on 31 December 2021, resulting in a 9.5 per cent increase in the management fee payable for the year.

For the year ended 30 June 2022, net profit was \$486.6 million, including \$371.9 million in gains in the fair value of investment properties. This compares with net profit last year of \$263.2 million, which included gains of \$149.2 million in the fair value of investment properties.

As at 30 June 2022, the Trust's total assets were \$3.0 billion (2021: \$2.7 billion) with unitholders' equity of \$2.5 billion and total liabilities of \$0.5 billion. Investment properties made up the majority of total assets comprising \$3.0 billion (2021: \$2.6 billion).

The underlying net tangible asset backing of the Trust's units ("NTA") as at 30 June 2022 was \$3.87 per unit, an increase of 17.6 per cent from \$3.29 per unit as at 30 June 2021. The increase in NTA was due to the increase in net assets through property revaluations and capital improvements.



Developments

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. Following completion of the expansion expected in mid-2023, the parties will enter into a new 10-year lease with six, five-year options, exercisable by Bunnings. The annual rent will increase by CPI capped at 2.5 per cent. At the end of the initial term the rent is subject to a market rent review and every 10 years thereafter. 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 ("10 per cent cap"), and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent ("10 per cent collar").

Coburg, Victoria

In December 2019, the Trust committed to expand its Coburg Bunnings Warehouse, Victoria at a cost of \$2.5 million. In February 2022, the Trust committed to additional funding of \$1.0 million and revised lease terms. Following completion of the expansion expected in early 2023, the parties will enter into a new 10-year lease with six, five-year options, exercisable by Bunnings. The annual rent will increase by CPI capped at 2.5 per cent. At the end of the initial term and at the exercise of each option by Bunnings, the rent is subject to a market rent review. Market rent reviews are subject to a 10 per cent cap, and a 10 per cent collar.

Capital expenditure

During the year, the Trust invested \$1.1 million in LED lighting at various properties and approximately \$4.9 million was spent on various other improvements to the portfolio.

Property acquisitions and divestments

Although there were no properties acquired during the year, the Trust made offers to purchase a number of properties, with the Trust actively looking for value creating opportunities.

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.

Occupancy

As at 30 June 2022, the portfolio was 97.5 per cent leased.

It is the nature of the Bunnings business model that its property requirements for some locations change over time. For any vacancies, the Trust gives full consideration to re-leasing the property, reinvesting in it to enhance rental outcomes, or divesting it, to provide the best overall outcome for the Trust. Good progress is being made on finding alternative uses for properties currently vacant.

Rent reviews

The rent payable for each leased property is increased annually, either by a fixed percentage or by the CPI, except when a property is due for a market review. Market reviews occur for most of the Trust's Bunnings Warehouses every five years from the date of the commencement of the lease. The market rental is determined according to generally accepted rent review criteria, based on rents paid at comparable properties in the market.

During the year, 81 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 3.2 per cent in the annual rent for these tenancies.



Market rent reviews on 14 properties (including 10 Bunnings Warehouse properties) were finalised during the year, with rents broadly in line with the market. The market rent reviews that were due for five Bunnings Warehouses during the year ended 30 June 2021 and six during the year ended 30 June 2022 are still being negotiated or are being determined by an independent valuer and remain unresolved.

Property revaluations

The entire Trust portfolio was revalued at 31 December 2021 and again at 30 June 2022, including 24 property revaluations performed by independent valuers (10 at 31 December 2021 and 14 at 30 June 2022). 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 \$365.1 million to \$3,001.2 million during the year following capital expenditure of \$6.0 million and revaluation gains of \$371.9 million, after adjusting for the straight-lining of rent of \$1.7 million and less net proceeds from divestments of \$14.5 million.

The net revaluation gain was due mainly 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 2022 was 5.04 per cent (December 2021: 5.11 per cent; June 2021: 5.65 per cent).

Capital management

During the year, the Trust extended its debt facility with Westpac Banking Corporation for a further three years, and extended its facility with the Commonwealth Bank of Australia for a further two years. Also during the year a \$110 million bond matured, which was replaced with a five-year facility with Sumitomo Mitsui Banking Corporation. As a result, the Trust has no debt maturing until July 2025, with the option for both the Westpac Banking Corporation and Commonwealth Bank of Australia facilities to be extended for a further year each year, subject to agreement.

As at 30 June 2022, the weighted average duration of the Trust's debt facilities was 4.2 years to expiry (2021: 3.2 years) and average utilisation of debt facilities (average borrowings/average facility limits) for the year was 76.8 per cent which was slightly lower than the previous year at 78.6 per cent, resulting from the slightly lower debt levels for the year.

The Trust enters into interest rate swaps and fixed rate corporate bonds (hedging) to create certainty of the interest costs of the majority of borrowings over the medium to long term. As at 30 June 2022, the Trust's interest rate hedging cover was 55.2 per cent of borrowings, with \$250.0 million of fixed rate corporate bonds, against interest-bearing debt of \$452.7 million. The weighted average term to maturity of hedging was 4.6 years.

The Trust's gearing ratio (debt to total assets) at 30 June 2022 was 15.1 per cent (2021: 17.7 per cent), which is below the Board's preferred range of 20 to 30 per cent. The lower gearing provides flexibility for the Trust to take advantage of investment opportunities to create long-term value when they arise. The interest cover ratio (earnings before interest /interest expense) was 9.6 times (2021: 8.8 times).

Distribution

A final distribution of 9.27 cents per ordinary unit has been declared and will be made on 19 August 2022 to unitholders on the Trust's register at 5.00 pm (AEST) on 30 June 2022. The final distribution takes the total ordinary distributions for the year to 18.29 cents per unit (2021: 18.29 cents per unit).



The Distribution Reinvestment Plan (DRP) was in place for both the interim and final distributions for the year ended 30 June 2022.

At the discretion of the Board, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained for future growth or to be distributed in future years. For the year ended 30 June 2022, \$2.8 million of capital profits were released from the undistributed income reserve (2021: \$3.5 million).

Outlook

The variables that could have the most influence on the financial performance of the Trust in the near term include; inflation, cost of funding, future investor demand for property, further COVID-19 related disruptions and the time and cost of repositioning properties in the portfolio vacated by Bunnings.

The strength and outlook for the home improvement and lifestyle products market in Australia and the ongoing financial success of the Bunnings business is important for the future financial performance of the Trust.

The ongoing evolution and financial performance of the Bunnings business and how that impacts the duration of occupancy of Bunnings at the Trust's properties, the number of vacancies, and the higher and better use potential of properties in the Trust's portfolio, will impact the Trust's performance in the longer term.

For the year ended 30 June 2022, there continued to be strong investor demand for Bunnings Warehouse properties. This was driven by the low interest rate environment and the search by investors for running yields higher than interest rates, the strong Bunnings financial covenant, and the relative risk of a Bunnings Warehouse investment, compared to other property and other asset classes.

The value of the Trust's property portfolio at 30 June 2022 reflects the continuing strong market support for Bunnings Warehouse properties from an investment and risk perspective. The Trust will remain disciplined in its investment approach to ensure it is well placed to create value from any new property investments.

Approximately 55 per cent of the Trust's rental income is subject to CPI annual adjustment and 45 per cent is subject to fixed annual adjustment, 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 ending 30 June 2023, CPI reviews will apply to 51 per cent of the base rent, with leases subject to a market rent review comprising four per cent of the base rent, and with the balance of 45 per cent reviewed to fixed increases of two to four per cent.

The Trust's primary focus for the 2022/23 financial year is on filling any vacancies in the portfolio, progressing store upgrades, extending existing leases with Bunnings through the exercise of options, completion of market rent reviews, and the continued rollout of energy efficiency improvements at its properties. The Trust will continue to look for opportunities to grow the portfolio that will create value for the Trust.

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 2023 to be similar to the ordinary distribution paid for the year ended 30 June 2022. Capital profits may be utilised to support the distribution.



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