bwp TRUST

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1 August 2018

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

Dear Sir/Madam

BWP results for the full-year ended 30 June 2018

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 2018 results

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

> 2018 Annual Report
> Full-year 2018 results investor presentation
> 2018 Corporate Governance Statement
> Appendix 4G (Key to Corporate Governance disclosures)
> Dividend/Distribution – BWP (Actual)
> Taxable components final distribution to 30 June 2018.

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 2018 and the outlook for the year ahead.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **1 August 2018** at **10:30am AEST** (8:30AM AWST).

Investors and analysts wishing to participate should dial **1800 175 864** from within Australia (+61 283 733 550 from outside Australia) and ask to join the **BWP Trust Full-Year Results Investor Presentation** (conference ID/event pass code is **3470459**). This briefing is recorded and made available via our website.

Yours faithfully

K A Lange
Company Secretary

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ASX release

1 August 2018

APPENDIX 4E — FINANCIAL YEAR ENDED 30 JUNE 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET		**30 June 2018**	30 June 2017	Variance %
Revenue from ordinary activities	$000	**153,391**	152,451	1
Profit before gains on investment properties	$000	**113,205**	112,454	1
Gains in fair value of investment properties	$000	**69,888**	111,341	(37)
Profit from ordinary activities attributable to unitholders	$000	**183,093**	223,795	(18)
Net tangible assets per unit	$	**2.85**	2.74	4
DISTRIBUTIONS				
Interim distribution paid	$000	**56,402**	55,438	2
Final distribution payable	$000	**58,007**	57,044	2
Interim distribution per unit	cents	**8.78**	8.63	2
Final distribution per unit	cents	**9.03**	8.88	2

Record date for determining entitlements to the final distribution	29th June 2018
Payment date for final distribution	24th August 2018

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") applied for both the interim and final distributions for the year ended 30 June 2018.

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 1 August 2018 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

1 August 2018

FULL-YEAR RESULTS TO 30 JUNE 2018

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 2018.

For the year ended 30 June 2018, the Trust continued to deliver on its financial objectives with a 1.7 per cent increase in full year distributions to 17.81 cents per unit and a $69.9 million or 3.0 per cent net increase in the assessed valuation of the Trust's property investment portfolio.

The Trust is in a strong financial position at year end with a high quality core portfolio of well-located Bunnings Warehouse properties, balance sheet flexibility and good future prospects for Trust-owned properties that Bunnings has vacated, or is considering vacating.

For any properties owned by the Trust that Bunnings decides to vacate, a detailed assessment is undertaken as to the best alternative use of the property, which in some cases may include divestment. During the year the Trust took advantage of favourable market conditions to enter into agreements to divest five properties that Bunnings has vacated, or is in the process of vacating. In all cases the properties have created significant value for the Trust in terms of rental income and increases in the underlying value of the land over the respective periods of ownership.

A number of acquisition opportunities to grow the portfolio were reviewed during the year, however none met the Trust's short or longer term return requirements on a risk adjusted basis, nor were they considered to be uniquely valuable from a location perspective.

BWP Management Limited ABN 26 082 856 424
as Responsible Entity for the BWP Trust

2017/18 full-year highlights

> Final distribution of 9.03 cents, bringing the full-year distribution to 17.81 cents, up 1.7 per cent on the previous year

> Seven market rent reviews were finalised during the year – weighted average 4.6 per cent increase in annual rent; including four Bunnings Warehouses – weighted average 4.1 per cent increase in annual rent

> Like-for-like rental growth of 2.5 per cent for the 12 months to 30 June 2018, taking into account the average inflation on CPI linked leases of 2.0 per cent

> Weighted average cost of debt of 4.6 per cent for the year, 4.5 per cent at year end

> Weighted average lease expiry of 4.5 years at 30 June 2018, portfolio 98.8 per cent leased

> Net revaluation gains on the property investment portfolio of $69.9 million for the year

> Net tangible assets of $2.85 per unit at 30 June 2018 (2017: $2.74 per unit), up 4.0 per cent on the previous year

> Gearing (debt/total assets) 19.3 per cent at 30 June 2018

Results summary

Year ended 30 June		**2018**	2017
Total income	$m	**153.4**	152.5
Total expenses	$m	**(40.2)**	(40.0)
Profit before gains in fair value of investment properties	$m	**113.2**	112.5
Gains in fair value of investment properties	$m	**69.9**[1]	111.3
Net profit	$m	**183.1**	223.8
Less: gains in fair value on investment properties	$m	**(69.9)**[1]	(111.3)
Capital profits released from undistributed income reserve	$m	**1.2**	-
Distributable profit	$m	**114.4**	112.5
Distribution per ordinary unit - interim	cents	**8.78**	8.63
- final	cents	**9.03**	8.88
Total distribution per ordinary unit	cents	**17.81**	17.51
Tax-advantaged component	%	**15.55**	22.29
Total assets	$m	**2,369.5**	2,312.8
Borrowings	$m	**457.6**	471.1
Unitholders' equity	$m	**1,833.0**	1,762.1
Gearing (debt to total assets)	%	**19.3**	20.4
Number of units on issue	m	**642**	642
Number of unitholders		**23,694**	23,158
Net tangible asset backing per unit	$	**2.85**	2.74
Unit price at 30 June	$	**3.25**	2.98
Management expense ratio[2] (annualised)	%	**0.60**	0.60

[1] Includes realised gain on disposal of investment properties of $2.5 million.
[2] Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

ABN 26 082 856 424 BWP Management Limited as Responsibility Entity for BWP Trust

Total income for the full-year to 30 June 2018 was $153.4 million, up by 0.6 per cent from last year. The increase in income was mainly due to rental growth from the existing property portfolio.

Finance costs of $21.5 million were 2.4 per cent lower than last year, due to the slightly lower average level of borrowings, which were 1.8 per cent lower than the previous year ($470.6 million compared with $479.1 million). The weighted average cost of debt for the year (finance costs as a percentage of average borrowings) was in line with the previous year at 4.6 per cent.

Other operating expenses of $6.0 million were slightly higher than the previous year of $5.9 million.

The management expense ratio for the year ended 30 June 2018 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was in line with last year at 0.60 per cent.

Profit as disclosed in the Trust's financial statements includes unrealised and realised gains or losses in the fair value of investment properties as a result of the revaluation of the entire property portfolio every six months and property divestments. The unrealised revaluation gains or losses are recognised as undistributed income as part of unitholders' equity in the financial statements and do not affect the profit available for distribution to unitholders each period.

For the year ended 30 June 2018, net profit was $183.1 million, including $69.9 million in gains in the fair value of investment properties. This compares with net profit last year of $223.8 million which included gains of $111.3 million in the fair value of investment properties.

At the director's discretion, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained to be distributed in future years.

Distributable profit for the year (excluding unrealised gains in fair value of investment properties but including $1.2 million of capital profits released) was $114.4 million compared to $112.5 million for the previous year.

As at 30 June 2018, the Trust's total assets were $2.4 billion (2017: $2.3 billion) with unitholders' equity of $1.8 billion and total liabilities of $0.6 billion. Investment properties and assets held for sale made up the majority of total assets comprising $2.4 billion (2017: $2.3 billion).

The underlying net tangible asset backing of the Trust's units ("NTA") as at 30 June 2018 was $2.85 per unit, an increase of 1.1 per cent from $2.82 per unit as at 31 December 2017 and an increase of 4.0 per cent from $2.74 per unit as at 30 June 2017. The increase in NTA over the six months to 30 June 2018 was due to the increase in net assets through property revaluations.

Capital expenditure

During the year, the Trust incurred a cost of $1.0 million on LED lighting to various properties and $0.9 million identifying solutions for stores that Bunnings has, or is, expected to vacate. Approximately $2.3 million was spent on various other improvements to the portfolio during the year.

In April 2016, the Trust committed to expand its Villawood Bunnings Warehouse, New South Wales, at a cost of $4.0 million. Bunnings subsequently revised the design and scope of works and received planning approval, and a revised funding proposal is being considered.

Property divestments

In November 2017, the Trust completed the sale of its Dandenong, Victoria property which had previously been occupied by Bunnings. The net sale proceeds were $15.9 million.

In February 2018, the Trust advised that four other properties which had been vacated, or were soon to be vacated by Bunnings, were subject to option agreements. These properties included: Altona, Victoria; Burleigh Heads, Queensland; Oakleigh South, Victoria and Epping, Victoria. These options with unrelated third parties have since been exercised and the status of each property is as follows:

Altona, Victoria:	Subject to an unconditional contract of sale for $14.4 million compared to the fair value of $13.9 million at the time the option agreement terms were agreed. Settlement is anticipated for September 2018.
Burleigh Heads, Queensland:	Subject to an unconditional contract of sale for $19.7 million compared to the fair value of $16.6 million at the time the option agreement terms were agreed. Settlement is anticipated for late September 2018. Rent is payable until settlement.
Oakleigh South, Victoria:	Subject to an unconditional contract of sale for $21.4 million compared to the fair value of $18.3 million at the time the option agreement terms were agreed. Settlement is anticipated for February 2019. Rent is payable until settlement.
Epping, Victoria:	Subject to a conditional contract of sale for $16.2 million compared to the fair value of $13.1 million at the time the option agreement terms were agreed. Subject to the remaining condition being met, settlement is anticipated for February 2019. Rent is payable until settlement.

Occupancy and weighted average lease expiry

As at 30 June 2018, the portfolio was 98.8 per cent leased.

It is the nature of the Bunnings business model that its property requirements for some locations change over time as is the case for nine properties in the property investment portfolio. In all cases, Bunnings has relocated, or is in the process of relocating to a new nearby site in the same demographic area. For any Bunnings Warehouse, 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 the properties.

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, 96 leases in the portfolio had annual fixed or CPI increases, resulting in an average increase of 2.4 per cent in the annual rent for these properties.

During the year, market rent reviews were concluded on four Bunnings Warehouses. The market rent reviews for five Bunnings Warehouses due during the year are still being negotiated and remain unresolved.

Property revaluations

The entire Trust portfolio was revalued at 31 December 2017 and again at 30 June 2018, including 20 property revaluations performed by independent valuers (12 at 31 December 2017 and eight at 30 June 2018). 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 $58.1 million to $2,352.7 million during the year following: capital expenditure of $4.2 million and a net revaluation gain of $69.9 million during the year, less net proceeds from divestments of $15.9 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 2018 was 6.48 per cent (December 2017: 6.50 per cent; June 2017: 6.59 per cent).

Capital management

As at 30 June 2018, the weighted average duration of the Trust's debt facilities was 2.2 years to expiry (2017: 2.8 years) and average utilisation of debt facilities (average borrowings/average facility limits) for the year was 80.4 per cent (2017: 84.8 per cent).

Subsequent to year end, the Trust entered into a $100 million five-year forward start cash advance term facility with Sumitomo Mitsui Banking Corporation, with an effective start date in May 2019. The facility has been established to provide flexibility in the refinancing of the $200 million fixed term corporate bond that matures in May 2019.

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 2018, the Trust's interest rate hedging cover was 86.9 per cent of borrowings, with $87.5 million of interest rate swaps and the $310 million fixed rate corporate bonds, against interest bearing debt of $457.6 million. The weighted average term to maturity of hedging was 2.1 years, including delayed start swaps.

Due to the accounting requirement to mark the value of interest rate swap hedges to market, the Trust's hedging liabilities decreased to $2.3 million as at 30 June 2018 (2017: $4.6 million). The decrease in hedging liability during the year was due to the reduction in the average term to maturity of the interest rate swap profile. The hedging liability assesses the potential liability if all hedges were to be terminated at 30 June 2018.

The Trust's gearing ratio (debt to total assets) at 30 June 2018 was 19.3 per cent (2017: 20.4 per cent), which is slightly below the Board's preferred range of 20 to 30 per cent. This 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 6.5 times (2017: 6.3 times).

Distribution

A final distribution of 9.03 cents per ordinary unit has been declared and will be made on 24 August 2018 to unitholders on the Trust's register at 5.00 pm (AEST) on 29 June 2018. The final distribution takes the total distribution for the year to 17.81 cents per unit (2017: 17.51 cents per unit). The tax-advantaged component of the distribution is 15.55 per cent.

Outlook

Investor demand for property and the time and cost for re-positioning some properties in the portfolio, are the variables that could have the most influence on the financial performance of the Trust in the near-term.

The ongoing evolution and financial performance of the Bunnings business and the higher and better use potential of properties in the Trust's portfolio, will be more important for the Trust's performance in the longer term. For the year ended 30 June 2018, there continued to be strong investor demand for Bunnings Warehouse properties.

The ongoing resilience of the property market is reflected in the value of the Trust's portfolio at 30 June 2018 and is likely to continue to do so until such time that a risk event occurs that reduces capital flows into the sector. 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.

Approximately 59 per cent of the Trust's rental income is subject to CPI annual adjustment and 41 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). The Trust will have lower incremental rental growth while CPI remains low, compared to historical levels.

For the year ending 30 June 2019, CPI reviews will apply to 47 per cent of the base rent, with leases subject to a market rent review comprising 12 per cent of the base rent and with the balance of 41 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.

For the 2019 financial year, the Trust expects further rental growth from its core Bunnings Warehouse property portfolio. It is likely that the divestment of up to four properties will be completed during the year and that other ex-Bunnings Warehouse stores will be transitioned to alternative uses with some impact on overall rental income. We expect to be in a position to at least maintain distribution growth equivalent to that for the year ended 30 June 2018. Capital profits will be utilised to support distributions as required during this period of transition.

For further information please contact:

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