

12 February 2013

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

Dear Sir

**Results for the half year ended 31 December 2012**

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 2012;
- > Half-year results announcement; and
- > Financial statements for the half-year ended 31 December 2012 extracted from the half-year report, which will be released separately today.



**K A Lange**  
Company Secretary

# BWP TRUST

ARSN 088 581 097

## APPENDIX 4D – HALF-YEAR REPORT

Financial half-year ended 31 December 2012

### Results for announcement to the market

		<b>6 months to 31 Dec 12</b>	<b>6 months to 31 Dec 11</b>	<b>Variance (%)</b>
Revenue from ordinary activities	(\$000)	<b>53,999</b>	49,397 <sup>1</sup>	9.3
Net profit before unrealised items	(\$000)	<b>37,361</b>	34,519	8.2
Unrealised items – gains/ (losses) in fair value of investment properties	(\$000)	<b>11,472</b>	(2,564)	-
Net profit from ordinary activities attributable to unitholders	(\$000)	<b>48,833</b>	31,955	52.8
Net tangible assets per unit	(\$)	<b>1.87</b>	1.87	-

<sup>1</sup> For consistency, revenue for the 6 months to 31 December 2011 has been restated to exclude recoveries of property outgoings, previously included as other property income. (Refer to Note 2 of the financial statements.)

### Commentary on the results for the period

The commentary on the results for the period ended 31 December 2012 is contained in the ASX release dated 12 February 2013 accompanying this statement.

		<b>6 months to 31 Dec 12</b>	<b>6 months to 31 Dec 11</b>	<b>Variance (%)</b>
<b>Distributions</b>				
Interim distribution payable	(\$000)	<b>37,355</b>	34,477	8.3
Interim distribution per unit	cents	<b>7.00</b>	6.63	5.6

Record date for determining entitlements to the interim distribution 31 December 2012

Payment date for interim distribution 26 February 2013

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

The Distribution Reinvestment Plan ("DRP") was in effect for the half-year ended 31 December 2012 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 (WST) on 31 December 2012 if they were to apply to the interim distribution for 2012/13. Forms received after that time will be effective for subsequent distributions only.

Units issued under the DRP in respect of the interim distribution for 2012/13 will be issued at \$2.2142 per unit, representing no discount to the volume weighted average unit price for the 10 trading days following the record date. Upon issuance, these units rank equally with all other units on issue.

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

# ASX release

12 February 2013

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## HALF-YEAR RESULTS TO 31 DECEMBER 2012

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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 2012.

### Highlights

- > Income of \$54.0 million for the six months – up 9.3 per cent on the previous corresponding period
- > Distributable profit of \$37.4 million for the six months – up 8.2 per cent on the previous corresponding period
- > Interim distribution of 7.00 cents per unit – up 5.6 per cent on the previous corresponding period
- > Acquisition of a Bunnings Warehouse-anchored home improvement centre at Gladstone, Queensland
- > Portfolio value of \$1,348.1 million – up by \$41.5 million from 30 June 2012 following capital expenditure of \$30.0 million and a net revaluation gain of \$11.5 million for the six months
- > Net Tangible Assets of \$1.87 per unit at 31 December 2012 (30 June 2012: \$1.85)
- > Weighted Average Lease Expiry of 7.2 years at 31 December 2012 (30 June 2012: 7.7 years)
- > Portfolio 100 per cent occupied
- > Gearing (debt/total assets) 21.7 per cent at 31 December 2012 (30 June 2012: 21.6 per cent)  
Covenant gearing (debt and non-current liabilities/total assets) 22.9 per cent (30 June 2012: 22.8 per cent)

### Financial results

#### *Income and expenses*

Total income for the period was \$54.0 million, an increase of 9.3 per cent over the corresponding period last year. The increase in income was mainly due to growth of the property portfolio during or since the corresponding period - from acquisitions and improvements to investment properties (adding approximately \$3.2 million) and rent reviews (adding approximately \$1.5 million).

Finance costs of \$11.0 million were 9.3 per cent higher than the previous corresponding six months, due to higher borrowing levels. The average level of borrowings was 22.5 per cent higher than the corresponding period (\$290.3 million compared with \$236.9 million). While finance costs were higher, the weighted average cost of debt for the half-year (finance costs less finance income/average borrowings) was lower at 7.46 per cent, compared to 8.24 per cent for the previous corresponding period. The lower cost of debt was the result of lower floating and fixed interest rates and reductions in the rate of bank fees and margins during or since the corresponding period. Average utilisation of debt facilities (average borrowings/average facility limits) for the period was lower than for the previous corresponding period (67.5 per cent compared with 71.8 per cent) due to the increase in facility limits between the two periods, from \$330 million to \$430 million.



Other operating expenses of \$2.0 million were 23.9 per cent higher than the corresponding six months, mainly due to non-recoverable outgoings for multi-tenanted properties acquired during or since the previous corresponding six months; being: Dubbo (settled on 5 August 2011), Browns Plains (acquired during April 2012), and Gladstone (acquired during September 2012).

The management expense ratio for the 12 months to 31 December 2012 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.59 per cent, compared with 0.62 per cent for the corresponding period.

### ***Financial position***

At 31 December 2012 the Trust's total assets were \$1,364.6 million, with unitholders' equity of \$1,000.3 million and total liabilities of \$364.3 million.

The underlying net tangible asset backing of the Trust's units increased by 2 cents per unit during the period from \$1.85 per unit at 30 June 2012, to \$1.87 per unit at 31 December 2012. This increase was the result of the net unrealised gains on revaluation of investment properties.

### **Interim distribution**

For the half-year the Trust reported a distributable profit of \$37.4 million - an increase of 8.2 per cent on the distributable profit in the corresponding period last year, primarily due to increased property revenue and a lower average cost of debt.

An interim distribution of 7.00 cents per ordinary unit has been declared. This is 5.6 per cent higher than the previous corresponding period (6.63 cents per unit). There were approximately 2.6 per cent more units on issue at 31 December 2012 than at 31 December 2011.

The interim distribution will be made on 26 February 2013 to unitholders on the Trust's register at 5.00 pm on 31 December 2012.

Units issued under the Trust's distribution reinvestment plan in respect of the interim distribution will be issued at \$2.2142 per unit, representing the volume weighted average price of the Trust's units for the 10 trading days following the record date, without the application of a discount.

### **Property portfolio**

Total capital expenditure on the portfolio during the half-year amounted to \$30.0 million, comprising the items outlined below.

In September 2012, the Trust completed the acquisition of an established Bunnings Warehouse and seven bulky goods showrooms at Gladstone, Queensland for \$28.6 million, including acquisition costs. The net annual rental income of the property is approximately \$2.4 million.

In October 2012, canopy extension works amounting to \$0.7 million were completed at the Trust-owned Bunnings Warehouse at Northland, Victoria. The Trust will receive approximately \$56,000 additional annual rent as a result of the improvements.

Non-income producing capital improvements made by the Trust to investment properties during the half-year totalled \$0.7 million. These included minor works at various properties.

In addition to the capital expenditure identified above, during the half-year the Trust committed to \$2.5 million (plus acquisition costs of approximately \$0.1 million) to acquire a 1.2 hectare site adjoining the Trust's Bunnings Warehouse in Albany, Western Australia. The land has been acquired to allow for potential future expansion of the existing Bunnings Warehouse and Bunnings will pay the Trust an access fee of eight per cent per annum on the Trust's total capital outlay until the site is developed. Settlement of the acquisition occurred in early February 2013.



At 31 December 2012 the portfolio was 100 per cent occupied, with a weighted average lease expiry term of 7.2 years (30 June 2012: 7.7 years, December 2011: 8.2 years).

### Rent reviews

The rent payable for each leased property is increased annually, either by a fixed percentage or by the Consumer Price Index (“CPI”) except when a property is due for a market rent review.

#### *Annual escalations*

Forty 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 42 leases was 1.7 per cent.

#### *Market rent reviews*

During the period, market rent reviews were concluded on four Bunnings Warehouses, two showroom tenancies at the Browns Plains bulky goods centre, and an office tenancy at the Blackburn industrial property. The market rent review for the Trust-owned Bunnings Warehouse at Dandenong, which was due during the period, has been referred for determination by an independent valuer and was not completed by 31 December 2012. The market rent reviews completed during the half-year are shown in the following table.

Property location	Tenant	Passing rent (\$ pa)	Market review <sup>1</sup> (\$ pa)	Uplift (%)	Effective date
Geraldton, WA <sup>2</sup>	Bunnings	923,821	1,218,750	+31.9	10 Dec 11
Oakleigh South, VIC <sup>2</sup>	Bunnings	1,807,138	1,807,138	-	8 Mar 12
Blackburn, VIC <sup>3</sup>	Pacific Laboratory Products	71,361	78,500	+10.0	1 Oct 12
Browns Plains, QLD <sup>4</sup>	Spotlight	417,442	438,314	+5.0	9 Oct 12
Hervey Bay, QLD	Bunnings	1,131,148	1,165,082	+3.0	23 Dec 12
Fyshwick, ACT	Bunnings	1,147,152	1,165,506	+1.6	24 Dec 12
Browns Plains, QLD <sup>4</sup>	The Good Guys	425,984	468,852	+10.0	14 April 13
<b>Weighted Average</b>				<b>+7.1</b>	

<sup>1</sup> Market rent reviews for Geraldton and Oakleigh South were determined by independent valuers; Blackburn, Browns Plains, Hervey Bay and Fyshwick were negotiated between the Trust and the tenant

<sup>2</sup> Geraldton and Oakleigh South market rent reviews were due during the year ended 30 June 2012, but the outcome of the determination process was only completed during the half-year ended 31 December 2012

<sup>3</sup> Multi-tenanted industrial property

<sup>4</sup> Multi-tenanted bulky goods property

#### *Like-for-like rental growth*

Excluding rental income from properties acquired or upgraded during or since the previous corresponding period, rental income increased by approximately 2.4 per cent for the 12 months to 31 December 2012 (compared to 3.3 per cent for the 12 months to 31 December 2011). The result was affected primarily by lower CPI growth during the 12 month period, averaging approximately 2.2 per cent across 75 per cent of all rent reviews for the 12 months, modest uplift in the properties subject to market rent reviews during the period and one market review still unresolved at 31 December 2012.

### 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' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2012 was 7.91 per cent, unchanged from 30 June 2012 (December 2011: 7.81 per cent).

The value of the portfolio increased by \$41.5 million to \$1,348.1 million during the half-year, following capital expenditure of \$30.0 million and a net revaluation gain of \$11.5 million at 31 December 2012. The net revaluation gain was predominantly a result of growth in rental income across the portfolio during the half-year.

### **Capital management**

At 31 December 2012, the Trust had borrowings of \$296.3 million under debt facilities with a combined limit of \$430.0 million. Details of the facilities at 31 December 2012 are provided below:

- > \$180 million bank bill facilities with Westpac Banking Corporation, committed until 22 December 2016;
- > \$150 million bank bill facilities with Australia and New Zealand Banking Group, committed to 23 January 2017; and
- > \$100 million cash advance facility with the Commonwealth Bank of Australia, committed until 14 January 2014.

The weighted average duration of the facilities was 3.3 years at 31 December 2012.

The Trust's gearing ratio (debt to total assets) at 31 December 2012 was 21.7 per cent (30 June 2012: 21.6 per cent, December 2011: 18.9 per cent), within the Board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 22.9 per cent (30 June 2012: 22.8 per cent, December 2011: 19.8 per cent), well below the maximum allowable 45 per cent under banking facilities.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements, to ensure stability of distributions. At 31 December 2012, the Trust's hedging cover was 66.4 per cent of gross borrowings (excluding accrued interest and borrowing costs), with \$197.5 million interest rate swaps against gross borrowings of \$297.3 million. Hedging levels are currently within the Board's preferred 50 to 75 per cent range. The weighted average term to maturity of hedging was 3.72 years (30 June 2012: 4.05 years, December 2011: 3.59 years), including delayed start swaps.

The Trust's distribution reinvestment plan was active for the interim distribution.

### **Outlook**

In the near term, BWP should benefit from improved revenue, from additions to the portfolio and incremental rental growth, and lower average cost of debt.

Property income for the second half of 2012/13 will include a full six months' rental income the Bunnings Warehouse-anchored homemaker centre in Gladstone, Queensland, acquired in September 2012.

Rent reviews are also expected to contribute incrementally to property income for the half-year to 30 June 2013. There are 6 market rent reviews of Bunnings Warehouses remaining to be completed this financial year and 39 leases will be reviewed to the CPI or by a fixed percentage increase during the second half of 2012/13. The level of income growth derived from rent reviews will depend on property-specific factors for the 6 market reviews and the rate of inflation growth for the 20 CPI indexed leases.



Assuming market interest rates are maintained around or below current levels, the Trust's average rate of borrowing costs (being the net finance costs, including interest and bank fees and margins, as a percentage of average borrowings) should reduce further over the second half. Refinancing of a \$100 million bank facility is likely to take place during the second half, although overall we do not expect any significant variance in bank fees and margins across the Trust's bank facilities. The responsible entity continues to position the Trust to further improve the efficiency, diversity and duration of debt finance, particularly by enabling access to debt capital markets as opportunity permits.

The responsible entity will continue to look to acquire quality investment properties selectively. The availability of further acquisition opportunities will depend on market conditions moving forward, particularly the supply of quality properties and the competition for these assets. In a low interest rate environment, demand for commercial real estate as a yield investment is likely to increase and, at the same time, supply of quality properties may diminish as existing owners continue to hold assets for yield and/or anticipation of capital growth as a result of greater demand.

Improvements to the Trust's existing properties provide another means of improving earnings and the quality of the Trust's portfolio. Currently the Trust has committed to a \$3.8 million upgrade of its Bunnings Warehouse at Rocklea, Queensland, and the development of a \$19.5 million Bunnings Warehouse at Wallsend, New South Wales, which are likely to be completed during the calendar year ending 31 December 2013. The Trust is also considering several other upgrade proposals from Bunnings.

The responsible entity continues to assess potential divestments where properties have reached optimum value and selling them provides an opportunity to recycle capital and distribute potential capital profit to unitholders.

#### Internet site

The BWP Trust internet site, [www.bwptrust.com.au](http://www.bwptrust.com.au), is a useful source of information for unitholders. It includes details of the Trust's property portfolio, current activities and future prospects. The site provides access to annual and half-year reports and also contains releases made to the Australian Securities Exchange covering matters of relevance to investors.

For further information please contact:

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An investor/analyst briefing teleconference call, with a question and answer session, will be held on **Tuesday 12 February 2013** at **1.30pm AWST** (4.30pm EDST).

Dial **1800 500 931** from within Australia (+613 9221 4420 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **274870**).

(An investor briefing presentation will be released separately).

## Condensed statement of comprehensive income

For the half-year ended 31 December 2012

	Note	Dec 2012 \$'000	Dec 2011 \$'000
Rental income		53,129	47,542
Other property income	2	796	1,643
Finance income		74	212
<b>Total revenue</b>		<b>53,999</b>	<b>49,397</b>
Finance costs		(10,994)	(10,054)
Responsible entity's fees		(3,611)	(3,183)
Other operating expenses	2	(2,033)	(1,641)
Net profit before unrealised gains/(losses) in fair value of investment properties		37,361	34,519
Unrealised gains/(losses) in fair value of investment properties		11,472	(2,564)
<b>Net profit attributable to unitholders of BWP Trust</b>		<b>48,833</b>	<b>31,955</b>
<b>Other comprehensive loss</b>			
Effective portion of changes in fair value of cash flow hedges:			
- Realised losses transferred to net profit		2,017	908
- Unrealised losses on cash flow hedge		(2,964)	(10,710)
<b>Total comprehensive income for the period attributable to the unitholders of BWP Trust</b>		<b>47,886</b>	<b>22,153</b>
Basic and diluted earnings (cents per unit) resulting from net profit	3	9.20	6.15

The condensed statement of comprehensive income should be read in conjunction with the accompanying notes

## Condensed statement of financial position

As at 31 December 2012

	Note	Dec 2012 \$'000	June 2012 \$'000	Dec 2011 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		9,991	24,732	10,380
Deposits for purchases of investment properties		2,277	-	6,150
Receivables and prepayments		4,224	3,871	5,031
<b>Total current assets</b>		<b>16,492</b>	<b>28,603</b>	<b>21,561</b>
<b>Non-current assets</b>				
Other receivables		-	-	850
Investment properties	4	1,348,106	1,306,563	1,250,141
<b>Total non-current assets</b>		<b>1,348,106</b>	<b>1,306,563</b>	<b>1,250,991</b>
<b>Total assets</b>		<b>1,364,598</b>	<b>1,335,166</b>	<b>1,272,552</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and deferred income		13,671	14,071	12,475
Interest-bearing loans and borrowings		-	-	14,300
Derivative financial instruments		566	248	88
Distribution payable	5	37,355	42,231	34,477
<b>Total current liabilities</b>		<b>51,592</b>	<b>56,550</b>	<b>61,340</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	6	296,288	288,890	226,195
Derivative financial instruments		16,394	15,765	11,022
<b>Total non-current liabilities</b>		<b>312,682</b>	<b>304,655</b>	<b>237,217</b>
<b>Total liabilities</b>		<b>364,274</b>	<b>361,205</b>	<b>298,557</b>
<b>Net assets</b>		<b>1,000,324</b>	<b>973,961</b>	<b>973,995</b>
<b>Unitholders' equity</b>				
Issued capital		698,267	682,435	673,311
Reserves	8	(16,960)	(16,013)	(11,110)
Undistributed income		319,017	307,539	311,794
<b>Total unitholders' equity</b>		<b>1,000,324</b>	<b>973,961</b>	<b>973,995</b>

The condensed statement of financial position should be read in conjunction with the accompanying notes



## Condensed statement of cash flows

For the half-year ended 31 December 2012

	Dec 2012 \$000	Dec 2011 \$000
<b>Cash flows from operating activities</b>		
Rent received	60,813	55,515
Payments to suppliers	(9,860)	(8,454)
Payments to the responsible entity	(3,369)	(3,137)
Finance income	74	128
Finance costs	(10,789)	(9,137)
<b>Net cash flows from operating activities</b>	<b>36,869</b>	<b>34,915</b>
<b>Cash flows from investing activities</b>		
Payments of deposits for purchases of investment properties	(2,277)	(6,150)
Payments for purchase of, and additions to, investment properties	(30,332)	(26,817)
<b>Net cash flows used in investing activities</b>	<b>(32,609)</b>	<b>(32,967)</b>
<b>Cash flows from financing activities</b>		
Proceeds of borrowings	7,398	29,651
Distributions paid	(26,399)	(30,161)
<b>Net cash flows used in financing activities</b>	<b>(19,001)</b>	<b>(510)</b>
Net (decrease)/ increase in cash	(14,741)	1,438
Cash at the beginning of the period	24,732	8,942
<b>Cash at the end of the period</b>	<b>9,991</b>	<b>10,380</b>

The condensed statement of cash flows should be read in conjunction with the accompanying notes

## Condensed statement of changes in equity

As at 31 December 2012

	Issued capital \$000	Undist- ributed income \$000	Hedge Reserve \$000	Total \$000
Balance at 1 July 2011	673,311	314,316	(1,308)	986,319
<b>Total comprehensive income for the period attributable to the unitholders of BWP Trust</b>				
Net profit attributable to unitholders of BWP Trust	-	31,955	-	31,955
Other comprehensive loss: effective portion of changes in fair value of cash flow hedges	-	-	(9,802)	(9,802)
<b>Transactions with unitholders recorded directly in equity</b>				
Distributions to unitholders	-	(34,477)	-	(34,477)
<b>Balance at 31 December 2011</b>	<b>673,311</b>	<b>311,794</b>	<b>(11,110)</b>	<b>973,995</b>
Balance at 1 July 2012	682,435	307,539	(16,013)	973,961
<b>Total comprehensive income for the period attributable to the unitholders of BWP Trust</b>				
Net profit attributable to unitholders of BWP Trust	-	48,833	-	48,833
Other comprehensive loss: effective portion of changes in fair value of cash flow hedges	-	-	(947)	(947)
<b>Transactions with unitholders recorded directly in equity</b>				
Distributions to unitholders	-	(37,355)	-	(37,355)
Equity issued during the period: Distribution Reinvestment Plan	15,832	-	-	15,832
<b>Balance at 31 December 2012</b>	<b>698,267</b>	<b>319,017</b>	<b>(16,960)</b>	<b>1,000,324</b>

The condensed statement of changes in equity should be read in conjunction with the accompanying notes

**1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS**

The financial statements of BWP Trust ("the Trust") for the half-year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 12 February 2013. The Trust was constituted under a Trust Deed dated 18 June 1998 as amended. The Trust is managed by BWP Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

The half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial statements.

The half-year financial statements should be read in conjunction with the annual financial statements of the Trust as at 30 June 2012.

It is also recommended that the half-year financial statements be considered together with any public announcements made by the Trust during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

**(a) Basis of accounting**

The half-year financial statements have been prepared in accordance with the requirements of the Trust's constitution and Australian Accounting Standards. The half-year financial statements have been prepared on an historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value.

The financial statements are presented in Australian dollars, which is the Trust's functional currency and all values are rounded to the nearest thousand dollars (\$'000) under the option available to the Trust under ASIC Class Order 98/100, unless otherwise stated.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

**(b) Statement of compliance**

The half-year financial statements are a general purpose financial report which has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

Significant accounting policies applied by the Trust in these interim financial statements are the same as those applied by the Trust in its financial statements as at and for the year ended 30 June 2012.

**2 ADJUSTMENT TO PRIOR PERIOD**

Other property income and other operating expenses for the half-year ended 31 December 2011 have been adjusted down by \$447,382 respectively due to a change in accounting treatment of property outgoings adopted for the current accounting period ending 31 December 2012. For the half-year to 31 December 2011 and prior years, all property outgoings paid directly by the Trust were included as other operating expenses and recoveries from the tenants in accordance with the respective lease terms were recognised as other property income. To provide greater transparency of the non-recoverable property outgoings, the recoverable outgoings expenses and recoveries made from tenants are now netted off so that only the non-recoverable outgoings are included in other operating expenses. Net profit for the prior period remains unchanged.

**3 INTERIM DISTRIBUTION PER UNIT**

In accordance with the Trust's constitution, the unrealised gains or losses on the revaluation of the fair value of investment properties are not included in the profit available for distribution to unitholders. The following shows the effect on earnings per unit of excluding unrealised gains or losses and the resulting distribution per unit:

	Dec 2012	Dec 2011
Basic and diluted earnings (cents per unit) for the half-year	<b>9.20</b>	6.15
Basic and diluted earnings (cents per unit) for the half-year excluding unrealised gains or losses in fair value of properties	<b>7.04</b>	6.63
Interim distribution (cents per unit) for the half-year	<b>7.00</b>	6.63

**4 INVESTMENT PROPERTIES**

	Balance at 30 June 2012 \$'000	Movement during the period \$'000	Balance at 31 Dec 2012 \$'000
Purchase price	688,995	27,000	<b>715,995</b>
Acquisition costs	41,052	1,569	<b>42,621</b>
Capital improvements since acquisition	268,994	1,502	<b>270,496</b>
Cumulative fair value adjustment	307,522	11,472	<b>318,994</b>
Fair value	1,306,563	41,543	<b>1,348,106</b>

**4 INVESTMENT PROPERTIES (CONTINUED)**

Investment properties are carried at fair value. Fair value for individual properties is determined by a full independent valuation completed at least every three years by an independent valuer who holds a relevant professional qualification and has recent experience in the location and category of the investment property. During the six months to 31 December 2012, 10 property valuations were performed by independent valuers.

Properties that have not been independently valued as at a balance date are carried at fair value by way of directors' valuations.

During the half-year the Trust's capital expenditure on investment properties totalled \$30.0 million.

**Gladstone, Queensland**

In September 2012, the Trust completed the acquisition of an established Bunnings Warehouse and seven bulky goods showrooms at Gladstone, Queensland for \$28.6 million, including acquisition costs.

**Northland, Victoria**

In October 2012, canopy extension works amounting to \$0.7 million were completed at the Trust-owned Bunnings Warehouse at Northland, Victoria.

**Miscellaneous**

Other capital improvements made by the Trust to investment properties during the half-year totalled \$0.7 million.

**5 DISTRIBUTION PAYABLE**

In accordance with the Trust's constitution, the unrealised gains or losses on the revaluation of the fair value of investment properties are not included in the profit available for distribution to unitholders. A reconciliation is provided below:

	Dec 2012 \$000	Dec 2011 \$000
Net profit attributable to unitholders of BWP Trust	48,833	31,955
Net unrealised (gains)/losses in fair value of investment properties	(11,472)	2,564
Distributable profit for the period	37,361	34,519
Opening undistributed profit	17	9
Closing undistributed profit	(23)	(51)
Distributable amount	37,355	34,477
Distribution (cents per unit)	7.00	6.63

**6 INTEREST-BEARING LOANS AND BORROWINGS**

As at 31 December 2012 the Trust has the following loan facilities:

	Limit \$000	Amount drawn \$000	Expiry date
Australia and New Zealand Banking Group Limited	150,000	72,500	23 January 2017
Commonwealth Bank of Australia	100,000	61,800	14 January 2014
Westpac Banking Corporation	180,000	163,000	22 December 2016
Less: accrued interest and borrowing costs		(1,012)	
	430,000	296,288	

**7 ISSUED CAPITAL**

During the period, 8,390,697 units (2011: nil) were issued under the Trust's distribution reinvestment plan, bringing the number of ordinary units on issue as at 31 December 2012 to 533,645,790. The distribution reinvestment plan remained active for the interim distribution for the half-year ended 31 December 2012.

**8 RESERVES**

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	Dec 2012 \$000	June 2012 \$000
Opening balance at the beginning of the financial period	(16,013)	(1,308)
Net losses on cash flow hedges for the period	(947)	(14,705)
Closing balance at the end of the financial period	(16,960)	(16,013)

The movement in the half-year was due to the decrease in variable interest rates during the half-year.

**9 SEGMENT REPORTING**

The Trust operates wholly within Australia and derives rental income from investments in commercial property.

**10 CAPITAL EXPENDITURE COMMITMENTS**

	<b>Dec 2012 \$000</b>	June 2012 \$000
Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:		
Not later than one year		
Unrelated Parties	<b>5,138</b>	2,923
Related Parties	<b>3,840</b>	3,840
Later than one year and not later than five years		
Related Parties	<b>19,520</b>	18,520
	<b>28,498</b>	25,283

**Capital commitments to unrelated parties**

In March 2011, as part of a portfolio of properties that the Trust agreed to acquire from Bunnings Group Limited, the Trust committed to acquire for \$3.0 million, including acquisition costs, from an unrelated party a development site at Wallsend on which a Bunnings Warehouse is to be developed. As at 31 December 2012, a balance of \$2.5 million was still to be paid, which was subsequently paid in January 2013.

In December 2012, the Trust committed to acquire for \$2.6 million (including acquisition costs) a 1.2 hectare site adjoining the Trust's Bunnings Warehouse in Albany, Western Australia. The land has been acquired to allow for potential future expansion of the existing Bunnings Warehouse. Settlement of the acquisition occurred in February 2013.

**Capital commitments to related parties**

In February 2011, the Trust committed to Bunnings Group Limited to fund upgrade works at the Rocklea property with an estimated cost of \$3.8 million. On completion of the upgrade, the parties will enter into a new ten-year lease of the Bunnings Warehouse with one ten-year option, exercisable by the tenant.

Following the acquisition of the development site at Wallsend from an unrelated party, the Trust is committed to Bunnings Group Limited for the development of a Bunnings Warehouse at a cost of \$19.5 million. On completion of the development, the parties will enter into a new ten-year lease of the Bunnings Warehouse with five, five-year options, exercisable by the tenant.

**11 RELATED PARTIES**

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2012 annual financial statements.

In accordance with the Corporations Act 2001, BWP Management Limited (ABN 26 082 856 424), the responsible entity for BWP Trust, provides this report for the financial half-year that commenced 1 July 2012 and ended 31 December 2012 and review report thereon. The information on pages 6 to 11 forms part of this directors' report and is to be read in conjunction with the following information:

### Directors

The names of directors of the responsible entity in office during the financial half-year and until the date of this report were:

Mr J A Austin (Chairman)

Mr B J H Denison

Ms F E Harris (from 1 October 2012)

Mr R D Higgins

Mr A J Howarth (from 1 October 2012)

Mr P J Johnston (until 10 December 2012)

Mr P J Mansell

Directors were in office for the entire period unless otherwise stated.

### Review and results of operations

The operations of the Trust during the six months to 31 December 2012 and the results of those operations are reviewed on pages 6 to 11 of this report and the accompanying financial statements.

	Dec 2012 \$000	Dec 2011 \$000
Net profit attributable to unitholders of BWP Trust	48,833	31,955
Net unrealised (gains)/losses in fair value of investment properties	(11,472)	2,564
Distributable profit for the period	37,361	34,519
Opening undistributed profit	17	9
Closing undistributed profit	(23)	(51)
Distributable amount	37,355	34,477

The interim distribution is 7.00 cents per ordinary unit (2011: 6.63 cents).

This interim distribution will be paid on 26 February 2013.

### Units on issue

At 31 December 2012, 533,645,790 units of BWP Trust were on issue (30 June 2012: 525,255,093).

### Events subsequent to reporting date

In January 2013, the Trust completed the acquisition of a development site at Wallsend, New South Wales on which a Bunnings Warehouse is to be developed. The purchase price was \$3.0 million, including acquisition costs.

In February 2013, the Trust acquired land adjoining the Trust's Bunnings Warehouse in Albany, Western Australia to allow for the future expansion of the adjoining Bunnings Warehouse. The purchase price was \$2.6 million, including acquisition costs.

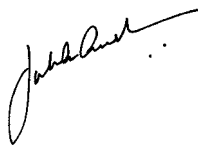
### Auditor independence declaration

The lead auditor's independence declaration is set out on page 25 and forms part of the directors' report for the half-year ended 31 December 2012.

### Rounding Off

The responsible entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of BWP Management Limited



### J A Austin

Chairman  
BWP Management Limited  
Perth, 12 February 2013

**Directors' declaration**

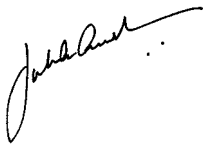
For the half-year ended 31 December 2012

In accordance with a resolution of the directors of BWP Management Limited, responsible entity for the BWP Trust ("the Trust"), I state that:

In the opinion of the directors:

- a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Trust's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of BWP Management Limited



**J A Austin**  
Chairman  
BWP Management Limited  
Perth, 12 February 2013

**Auditor's independence declaration**

For the half-year ended 31 December 2012



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of BWP Management Limited, the responsible entity of BWP Trust.

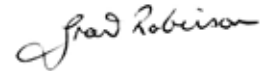
I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



**KPMG**

Perth, 12 February 2013



**Grant Robinson**  
Partner



## Report on the financial report

We have reviewed the accompanying half-year financial report of BWP Trust (the Trust), which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Trust.

### Directors' responsibility for the half-year financial report

The directors of BWP Management Limited (the Responsible Entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of BWP Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BWP Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**KPMG**

Perth, 12 February 2013

**Grant Robison**

Partner