

# ASX release

**9 February 2022**

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## HALF-YEAR REPORT TO 31 DECEMBER 2021 – CORRECTION OF A TYPOGRAPHICAL ERROR

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Please find attached our corrected Half-Year Report for the period ended 31 December 2021. This replacement report is to correct a typographical error in the heading on page 34 to read "*Director's report for the half-year ended 31 December 2021*", and not 2020 as previously shown.

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# Half-Year Report

2021/22



Six months to  
31 December  
2021

# Half-Year Report

2021/22

Six months to  
31 December  
2021



## **CONTENTS**

### **OVERVIEW**

- 5 About us
- 6 Business approach
- 8 Half-year summary

### **BUSINESS REVIEW**

- 9 Financial and market performance
- 10 Property portfolio
- 12 Report to unitholders

### **FINANCIAL REPORT**

- 21 Financial statements

### **INVESTOR INFORMATION**

- 40 Directory
- 41 Investor information

BWP TRUST  
ARSN 088 581 097

RESPONSIBLE ENTITY  
BWP Management Limited  
ABN 26 082 856 424

AUSTRALIAN FINANCIAL  
SERVICES LICENCE  
No. 247830

[bwptrust.com.au](http://bwptrust.com.au)

# ABOUT US

Established and listed on the Australian Securities Exchange ("ASX") in 1998, BWP Trust ("BWP" or "the Trust") is a real estate investment trust investing in and managing commercial properties throughout Australia.

# BUSINESS APPROACH



## INVESTMENT THEMES

### LARGE FORMAT RETAILING PROPERTY OWNERSHIP – HOME IMPROVEMENT/ BUNNINGS FOCUS

#### Status<sup>1</sup>

- > 236 hectares of land
- > 73 properties
- > 85 per cent of income from Bunnings
- > 92 per cent of non-Bunnings income from national tenants

#### Priorities

- > Core portfolio of Bunnings Warehouse properties that meet Bunnings' business model requirements, with annual rent increases and long duration of occupancy

### SUSTAINABLE PORTFOLIO RETURNS SUPPORTED BY BALANCE SHEET FLEXIBILITY

#### Status<sup>1</sup>

- > 9.8 per cent annualised portfolio return on invested capital
- > 15.5 per cent gearing

#### Priorities

- > Focus on long-term value creation by re-investing in and growing the core portfolio of Bunnings Warehouse properties, and from maximising the alternative use prospects of all of the properties in the portfolio

### PROPERTY LOCATION ATTRIBUTES

#### Status<sup>1</sup>

- > 79 per cent metropolitan
- > 21 per cent regional
- > 40 per cent of metropolitan properties within 20 kms of a central business district ("CBD")

#### Priorities

- > Well located properties in local communities, accessible, adjacent to other retail/community facilities
- > Highest and best use zoning



## DRIVERS OF RETURNS

### ANNUAL RENTAL GROWTH

#### Status<sup>1</sup>

- > Approximately 55 per cent of the Trust's rental income is subject to CPI adjustments
- > 45 per cent is subject to fixed annual adjustments, other than in years in which relevant properties are due for a market rent review

#### Priorities

- > Continue to focus on market rent review outcomes

### WELL PRICED ACQUISITIONS AND RE-INVESTMENT

#### Status<sup>1</sup>

- > No acquisition opportunities met risk adjusted return requirements during the period

#### Priorities

- > Re-investment in existing portfolio, and acquisitions as and when it makes commercial sense to do so

### COST OF FUNDING

#### Status<sup>1</sup>

- > S&P A- and Moody's A3 rating re-affirmed

#### Priorities

- > Continue to diversify funding and extend duration of debt



## LONG-TERM VALUE CREATION

### PRO-ACTIVE MANAGEMENT OF EXISTING PROPERTIES

#### Status<sup>1</sup>

- > Portfolio 97.6 per cent leased
- > Two properties being repositioned for large format retail
- > Two properties being repositioned for mixed use
- > One property being repositioned for multi-tenanted industrial
- > One property being rezoned for mixed use
- > One property being considered for divestment

#### Priorities

- > Continue to optimise the value of all properties in the portfolio

### PORTFOLIO GROWTH

#### Status<sup>1</sup>

- > No acquisition opportunities met risk adjusted return requirements during the period

#### Priorities

- > Acquisitions as and when value can be created

### EFFECTIVE MANAGEMENT OF THE TRUST AND ITS CAPITAL

#### Status<sup>1</sup>

- > Ten year average total unitholder return of 15.3 per cent per annum

#### Priorities

- > Secure and growing income stream
- > Long-term capital growth

## INVESTMENT CRITERIA

### PREFERRED PROPERTY ATTRIBUTES

- ✓ Significant catchment area
- ✓ Visible and accessible from a major road, highway or freeway
- ✓ Ready vehicle access and ample on-site parking
- ✓ Long-term occupancy and/or higher and better use potential
- ✓ Leases to businesses with strong financial and value creation attributes
- ✓ Geographic diversity
- ✓ Yield commensurate with risk

<sup>1</sup> Status as at 31 December 2021



# HALF-YEAR SUMMARY

AT 31 DECEMBER 2021

**\$ 57.9 million**

in line with the previous corresponding period

**DISTRIBUTABLE AMOUNT FOR THE SIX MONTH PERIOD**

**9.02 cents per unit**

in line with the previous corresponding period

**INTERIM DISTRIBUTION**

**2.2%**

LIKE-FOR-LIKE RENTAL GROWTH FOR THE 12 MONTHS TO 31 DECEMBER 2021

**4.3 years**

WEIGHTED AVERAGE LEASE EXPIRY AT 31 DECEMBER 2021 WITH 97.6 PER CENT LEASED

**15.5%**

GEARING (DEBT/TOTAL ASSETS)

**3.2% per annum**

WEIGHTED AVERAGE COST OF DEBT FOR THE SIX MONTH PERIOD

**\$ 2.9 billion**

PORTFOLIO VALUATION

**\$ 3.75 per unit**

NET TANGIBLE ASSETS

## DISTRIBUTION PER UNIT (cents)

Interim distribution ■  
Final distribution ■

|         |                   |                   |
|---------|-------------------|-------------------|
| FY17/18 | 8.78              | 9.03 <sup>1</sup> |
| FY18/19 | 8.93              | 9.18 <sup>2</sup> |
| FY19/20 | 9.02 <sup>3</sup> | 9.27              |
| FY20/21 | 9.02 <sup>4</sup> | 9.27 <sup>5</sup> |
| FY21/22 | 9.02 <sup>6</sup> |                   |

<sup>1</sup> FY17/18 final distribution includes a partial distribution of capital profits of 0.19 of a cent per unit.

<sup>2</sup> FY18/19 final distribution as shown includes a partial distribution of capital profits of 0.08 of a cent per unit, but excludes a special distribution of 1.56 cents per unit.

<sup>3</sup> FY19/20 interim distribution includes a partial distribution of capital profits of 0.11 of a cent per unit.

<sup>4</sup> FY20/21 interim distribution includes a partial distribution of capital profits of 0.16 of a cent per unit.

<sup>5</sup> FY20/21 final distribution includes a partial distribution of capital profits of 0.38 of a cent per unit.

<sup>6</sup> FY21/22 interim distribution includes a partial distribution of capital profits of 0.23 of a cent per unit.

# FINANCIAL AND MARKET PERFORMANCE

## FINANCIAL PERFORMANCE

| 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   |
| Less: 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 <sup>1</sup> (annualised)         | %     | 0.63    | 0.64    |

Figures above subject to rounding.

<sup>1</sup> Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

## MARKET PERFORMANCE

BWP's performance compared to the Australian Real Estate Investment Trust ("A-REIT") sector for total returns over six months, one, three, five and ten year periods, is shown in the following table:

### TOTAL RETURNS<sup>1</sup> COMPARED TO MARKET

| Periods ended                            | 6 months | 1 year | 3 years          | 5 years          | 10 years         |
|--|----------|--------|------------------|------------------|------------------|
| 31 Dec 2021                              | (%)      | (%)    | (%) <sup>2</sup> | (%) <sup>2</sup> | (%) <sup>2</sup> |
| BWP                                      | (0.5)    | (2.0)  | 10.5             | 12.1             | 15.3             |
| S&P/ ASX 200 Property Accumulation Index | 14.7     | 26.1   | 12.8             | 9.3              | 13.8             |

Source: UBS Australia

<sup>1</sup> Total returns include movement in security price and distributions (which are assumed to be reinvested).

<sup>2</sup> Annual compound returns.

# PROPERTY PORTFOLIO

| As at<br>31 December 2021           | Gross<br>lettable area <sup>1</sup> | Annual<br>rental <sup>2</sup> | Valuation      |
|-------------------------------------|-------------------------------------|-------------------------------|----------------|
| Suburb                              | sqm                                 | \$000                         | \$000          |
| <b>WESTERN AUSTRALIA</b>            |                                     |                               |                |
| Albany <sup>3,4</sup>               | 13,660                              | 818                           | 8,500          |
| Australind                          | 13,700                              | 1,493                         | 28,400         |
| Balcatta                            | 25,439                              | 2,334                         | 44,500         |
| Belmont                             | 10,381                              | 1,493                         | 28,400         |
| Bibra Lake                          | 14,141                              | 1,729                         | 32,900         |
| Cockburn                            | 12,839                              | 1,776                         | 33,800         |
| Ellenbrook                          | 15,337                              | 2,173                         | 41,400         |
| Geraldton                           | 17,874                              | 1,350                         | 22,500         |
| Harrisdale                          | 17,124                              | 2,583                         | 45,200         |
| Joondalup                           | 13,358                              | 1,222                         | 16,000         |
| Mandurah                            | 8,662                               | 1,426                         | 22,000         |
| Midland                             | 9,370                               | 1,300                         | 20,800         |
| Morley <sup>7</sup>                 | 9,852                               | -                             | 13,000         |
| Port Kennedy <sup>8</sup>           | 9,557                               | 201                           | 10,000         |
| Rockingham                          | 15,188                              | 2,237                         | 42,600         |
| <b>Total</b>                        | <b>206,482</b>                      | <b>22,133</b>                 | <b>410,000</b> |
| <b>VICTORIA</b>                     |                                     |                               |                |
| Bayswater                           | 17,677                              | 2,680                         | 55,600         |
| Broadmeadows                        | 12,765                              | 2,041                         | 48,000         |
| Caroline Springs                    | 14,319                              | 1,892                         | 39,800         |
| Coburg                              | 24,728                              | 4,427                         | 74,500         |
| Craigieburn                         | 16,764                              | 1,827                         | 36,500         |
| Croydon                             | 15,543                              | 2,207                         | 52,000         |
| Fountain Gate                       | 12,624                              | 1,782                         | 33,900         |
| Frankston                           | 13,843                              | 2,171                         | 41,300         |
| Hawthorn                            | 9,831                               | 3,381                         | 67,600         |
| Maribyrnong                         | 17,550                              | 3,033                         | 71,400         |
| Mentone                             | 8,271                               | 2,405                         | 41,700         |
| Mornington                          | 13,324                              | 1,867                         | 37,300         |
| Northland <sup>4</sup>              | 13,006                              | 2,052                         | 34,200         |
| Nunawading <sup>5</sup>             | 14,766                              | 2,517                         | 57,500         |
| Pakenham                            | 14,867                              | 2,151                         | 38,500         |
| Port Melbourne                      | 16,303                              | 2,704                         | 77,300         |
| Scoresby                            | 12,515                              | 2,008                         | 39,000         |
| Springvale                          | 13,458                              | 2,344                         | 49,300         |
| Sunbury                             | 15,270                              | 2,043                         | 40,900         |
| Vermont South                       | 16,634                              | 2,316                         | 46,300         |
| <b>Total</b>                        | <b>294,057</b>                      | <b>47,849</b>                 | <b>982,600</b> |
| <b>AUSTRALIAN CAPITAL TERRITORY</b> |                                     |                               |                |
| Fyshwick <sup>6</sup>               | 6,648                               | 1,347                         | 28,300         |
| Tuggeranong                         | 11,857                              | 1,898                         | 40,000         |
| <b>Total</b>                        | <b>18,505</b>                       | <b>3,245</b>                  | <b>68,300</b>  |
| <b>SOUTH AUSTRALIA</b>              |                                     |                               |                |
| Mile End                            | 15,065                              | 2,565                         | 51,300         |
| Noarlunga                           | 14,784                              | 1,707                         | 31,000         |
| <b>Total</b>                        | <b>29,849</b>                       | <b>4,272</b>                  | <b>82,300</b>  |

| As at<br>31 December 2021 | Gross<br>lettable area <sup>1</sup><br>sqm | Annual<br>rental <sup>2</sup><br>\$000 | Valuation<br>\$000 |
|---------------------------|--|--|--------------------|
| <b>NEW SOUTH WALES</b>    |  |  |                    |
| Artarmon                  | 5,746                                      | 1,710                                  | 36,000             |
| Belmont North             | 12,640                                     | 1,200                                  | 10,000             |
| Belrose                   | 8,888                                      | 2,113                                  | 42,300             |
| Dubbo                     | 16,344                                     | 1,680                                  | 23,000             |
| Greenacre                 | 14,149                                     | 2,955                                  | 62,200             |
| Hoxton Park               | 25,607                                     | 4,146                                  | 72,700             |
| Lismore                   | 9,892                                      | 1,510                                  | 28,800             |
| Maitland                  | 12,797                                     | 1,496                                  | 30,000             |
| Minchinbury               | 16,557                                     | 2,979                                  | 66,200             |
| Port Macquarie            | 7,387                                      | 1,449                                  | 22,000             |
| Rydalmere                 | 16,645                                     | 3,456                                  | 81,100             |
| Thornleigh                | 5,301                                      | 1,463                                  | 30,800             |
| Villawood                 | 12,678                                     | 2,195                                  | 48,800             |
| Wagga Wagga <sup>4</sup>  | 13,774                                     | 1,566                                  | 13,000             |
| Wallsend                  | 16,863                                     | 2,286                                  | 50,800             |
| Wollongong                | 10,811                                     | 1,459                                  | 25,400             |
| <b>Total</b>              | <b>206,078</b>                             | <b>33,663</b>                          | <b>643,100</b>     |
| <b>QUEENSLAND</b>         |  |  |                    |
| Arundel                   | 15,676                                     | 2,686                                  | 51,100             |
| Bethania                  | 13,494                                     | 2,184                                  | 40,200             |
| Brendale                  | 15,035                                     | 2,310                                  | 47,400             |
| Browns Plains             | 18,398                                     | 3,333                                  | 55,500             |
| Cairns                    | 12,917                                     | 750                                    | 11,700             |
| Cannon Hill               | 16,556                                     | 2,619                                  | 57,400             |
| Fairfield Waters          | 13,645                                     | 1,814                                  | 31,900             |
| Gladstone                 | 21,516                                     | 3,670                                  | 53,500             |
| Hervey Bay                | 11,824                                     | 1,397                                  | 11,000             |
| Manly West                | 13,021                                     | 2,521                                  | 48,800             |
| Morayfield                | 12,507                                     | 1,896                                  | 35,300             |
| Mount Gravatt             | 11,824                                     | 1,409                                  | 25,200             |
| North Lakes               | 18,861                                     | 3,066                                  | 65,200             |
| Rocklea                   | 14,403                                     | 2,284                                  | 42,300             |
| Smithfield                | 13,094                                     | 1,696                                  | 28,600             |
| Southport                 | 12,431                                     | 1,840                                  | 32,300             |
| Townsville North          | 14,038                                     | 1,957                                  | 36,000             |
| West Ipswich              | 14,977                                     | 2,798                                  | 57,000             |
| <b>Total</b>              | <b>264,217</b>                             | <b>40,230</b>                          | <b>730,400</b>     |
| <b>Grand Total</b>        | <b>1,019,188</b>                           | <b>151,393</b>                         | <b>2,916,700</b>   |

Note: Totals and Grand Total adjusted for rounding

<sup>1</sup> For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse.

<sup>2</sup> Annual rental figures do not include access fees detailed below.

<sup>3</sup> Includes adjoining land (1.2 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$211,882 per annum.

<sup>4</sup> Sites that Bunnings has or is in the process of vacating, that are still leased to Bunnings.

<sup>5</sup> Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,935 per annum.

<sup>6</sup> Includes adjoining property (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum.

<sup>7</sup> Vacant property that is no longer leased to Bunnings.

<sup>8</sup> Partially vacant property that is no longer leased to Bunnings.

# REPORT TO UNITHOLDERS

The directors of BWP Management Limited, the responsible entity for the BWP Trust, are pleased to present this interim report to unitholders covering the financial results and activities of the Trust for the six months to 31 December 2021.

There continued to be strong demand for property in the first half of the year which was positive for the valuation of the Trust's existing portfolio but made additional property acquisitions difficult to justify from a value creation perspective.

During the period the main focus of the Trust was on progressing the re-leasing/development or divestment of any properties vacated, or to be vacated, by Bunnings.

The Trust is continuing to work with Bunnings on improvements to individual properties within the core portfolio of properties leased to Bunnings.

In December 2021, we were delighted to welcome Ms Danielle Carter to the Board as a non-executive director. Danielle has more than 25 years' of combined real estate and financial services industry experience and was previously a non-executive director of APN Property Group.

In the context of the ongoing Board renewal process, Mr Erich Fraunschiel also foreshadowed his intention to retire from the Board in the first quarter of the 2022 calendar year.

## FINANCIAL RESULTS

### FINANCIAL PERFORMANCE

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.

The 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.

## FINANCIAL POSITION

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 as 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 (refer to the Revaluations section).

## INTERIM DISTRIBUTION

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).

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.

## PROPERTY PORTFOLIO

### 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).

# REPORT TO UNITHOLDERS

(CONTINUED)

## 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 the 23 CPI reviews was 3.3 per cent 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<br>(\$ pa) | Market<br>review<br>(\$ pa) | Variance<br>(%) | Effective<br>date |
|-----------------------------------|-------------------------|-----------------------------|-----------------|-------------------|
| Fountain Gate, VIC <sup>1,2</sup> | 1,760,103               | 1,770,000                   | 0.6             | 1-Feb-20          |
| Nunawading, VIC <sup>1,2</sup>    | 2,493,480               | 2,500,000                   | 0.3             | 11-Feb-20         |
| Mt Gravatt, QLD <sup>2,3</sup>    | 1,406,886               | 1,368,000                   | (2.8)           | 17-Dec-20         |
| Belmont, WA <sup>2,3</sup>        | 1,630,966               | 1,493,000                   | (8.5)           | 31-Mar-21         |
| Cockburn, WA <sup>2,3</sup>       | 1,826,682               | 1,776,000                   | (2.8)           | 31-Mar-21         |
| <b>Total</b>                      | <b>9,118,118</b>        | <b>8,907,000</b>            | <b>(2.3)</b>    |                   |

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

<sup>2</sup> Market rent review was determined by an independent valuer.

<sup>3</sup> 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 was 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. 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 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.



# REPORT TO UNITHOLDERS

(CONTINUED)

## CAPITAL MANAGEMENT

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

|  | Limit (\$m)  | Amount drawn (\$m) | Expiry date   |
|--|--------------|--------------------|---------------|
| <b>Bank debt facilities</b>                      |              |                    |               |
| 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 <sup>1</sup> | -            | -                  |               |
| <b>Corporate bonds</b>                           |              |                    |               |
| 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 2026 |
| Fixed term seven-year corporate bonds            | 100.0        | 100.0              | 24 March 2028 |
|  | <b>605.0</b> | <b>451.9</b>       |               |

<sup>1</sup> 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.

The weighted average duration of the facilities as at 31 December 2021 was 2.3 years (31 December 2020: 2.7 years). The weighted average debt maturity is expected to increase in May 2022 to 2.7 years when the bonds maturing on that date are replaced with the Sumitomo Mitsui Banking Corporation facility.

The Trust's gearing ratio (debt to total assets) at 31 December 2021 was 15.5 per cent (30 June 2021: 17.7 per cent, 31 December 2020: 17.8 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 Trust has a policy of hedging the majority of its borrowings against interest rate movements. At 31 December 2021, the Trust's interest rate hedging cover was 88.5 per cent of gross borrowings (excluding accrued interest and borrowing costs), with \$40.0 million of interest rate swaps and \$360.0 million of fixed rate corporate bonds against gross borrowings of \$451.9 million. The weighted average term to maturity of hedging was 3.3 years (30 June 2021: 3.5 years, 31 December 2020: 2.9 years).

## 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.

For BWP Management Limited.



**Erich Fraunschiel**

Chairman  
9 February 2022



**Michael Wedgwood**

Managing Director  
9 February 2022







# **FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

|   | Note | Dec 2021<br>\$000 | Dec 2020<br>\$000 |
|---|------|-------------------|-------------------|
| Rental income   |      | 75,520            | 75,767            |
| Other property income   |      | 320               | 320               |
| Finance income  |      | 24                | 18                |
| <b>Total revenue</b>  |      | <b>75,864</b>     | <b>76,105</b>     |
| Finance costs   |      | (7,487)           | (7,496)           |
| Responsible entity's fees   |      | (7,603)           | (7,391)           |
| Other operating expenses  |      | (4,295)           | (4,306)           |
| <b>Total expenses</b>   |      | <b>(19,385)</b>   | <b>(19,193)</b>   |
| Profit before gains on investment properties  |      | 56,479            | 56,912            |
| Unrealised gains in fair value of investment properties                                       |      | 291,803           | 87,064            |
| <b>Profit for the period attributable to unitholders of BWP Trust</b>                         |      | <b>348,282</b>    | <b>143,976</b>    |
| <b>Other comprehensive income</b>   |      |                   |                   |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                         |      |                   |                   |
| Effective portion of changes in fair value of cash flow hedges:                               |      |                   |                   |
| - Realised losses transferred to profit or loss   |      | 629               | 1,145             |
| - Unrealised losses on cash flow hedges   |      | (10)              | (75)              |
| <b>Total comprehensive income for the period attributable to the unitholders of BWP Trust</b> |      | <b>348,901</b>    | <b>145,046</b>    |
| <b>Basic and diluted earnings (cents per unit)</b>  | 2    | <b>54.22</b>      | 22.41             |

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

|  | Note | Dec 2021<br>\$'000 | Jun 2021<br>\$'000 | Dec 2020<br>\$'000 |
|--|------|--------------------|--------------------|--------------------|
| <b>ASSETS</b>  |      |                    |                    |                    |
| <i>Current assets</i>                                  |      |                    |                    |                    |
| Cash   |      | 16,284             | 33,068             | 17,070             |
| Receivables and prepayments                            |      | 6,651              | 5,436              | 4,387              |
| Assets held for sale                                   |      | -                  | 14,500             | 15,800             |
| <b>Total current assets</b>                            |      | <b>22,935</b>      | <b>53,004</b>      | <b>37,257</b>      |
| <i>Non-current assets</i>                              |      |                    |                    |                    |
| Investment properties                                  | 3    | 2,916,700          | 2,621,600          | 2,558,800          |
| <b>Total non-current assets</b>                        |      | <b>2,916,700</b>   | <b>2,621,600</b>   | <b>2,558,800</b>   |
| <b>Total assets</b>                                    |      | <b>2,939,635</b>   | <b>2,674,604</b>   | <b>2,596,057</b>   |
| <b>LIABILITIES</b>                                     |      |                    |                    |                    |
| <i>Current liabilities</i>                             |      |                    |                    |                    |
| Payables and deferred income                           |      | 18,677             | 23,151             | 18,372             |
| Derivative financial instruments                       |      | 159                | 778                | 519                |
| Distribution payable                                   | 4    | 57,943             | 59,549             | 57,943             |
| Interest-bearing loans and borrowings                  | 5    | 110,469            | 110,353            | -                  |
| <b>Total current liabilities</b>                       |      | <b>187,248</b>     | <b>193,831</b>     | <b>76,834</b>      |
| <i>Non-current liabilities</i>                         |      |                    |                    |                    |
| Interest-bearing loans and borrowings                  | 5    | 345,013            | 364,357            | 462,192            |
| Derivative financial instruments                       |      | -                  | -                  | 1,183              |
| <b>Total non-current liabilities</b>                   |      | <b>345,013</b>     | <b>364,357</b>     | <b>463,375</b>     |
| <b>Total liabilities</b>                               |      | <b>532,261</b>     | <b>558,188</b>     | <b>540,209</b>     |
| <b>Net assets</b>                                      |      | <b>2,407,374</b>   | <b>2,116,416</b>   | <b>2,055,848</b>   |
| <b>EQUITY</b>  |      |                    |                    |                    |
| <i>Equity attributable to unitholders of BWP Trust</i> |      |                    |                    |                    |
| Issued capital   | 6    | 945,558            | 945,558            | 945,558            |
| Hedge reserve  | 7    | (159)              | (778)              | (1,702)            |
| Undistributed income                                   |      | 1,461,975          | 1,171,636          | 1,111,992          |
| <b>Total equity</b>                                    |      | <b>2,407,374</b>   | <b>2,116,416</b>   | <b>2,055,848</b>   |

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



# STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

|  | Dec 2021<br>\$000 | Dec 2020<br>\$000 |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                |                   |                   |
| Rent received  | 83,212            | 83,143            |
| Payments to suppliers                                      | (15,797)          | (12,651)          |
| Payments to the responsible entity                         | (7,500)           | (7,400)           |
| Finance income   | 24                | 18                |
| Finance costs  | (7,358)           | (7,385)           |
| <b>Net cash flows from operating activities</b>            | <b>52,581</b>     | <b>55,725</b>     |
| <b>Cash flows from investing activities</b>                |                   |                   |
| Receipts from sale of investment properties                | 14,335            | -                 |
| Payments for additions to investment properties            | (4,923)           | (2,261)           |
| <b>Net cash flows from/ (used in) investing activities</b> | <b>9,412</b>      | <b>(2,261)</b>    |
| <b>Cash flows from financing activities</b>                |                   |                   |
| Repayments of borrowings                                   | (19,228)          | (41,034)          |
| Distributions paid   | (59,549)          | (59,549)          |
| <b>Net cash flows used in financing activities</b>         | <b>(78,777)</b>   | <b>(100,583)</b>  |
| Net decrease in cash                                       | (16,784)          | (47,119)          |
| Cash at the beginning of the period                        | 33,068            | 64,189            |
| <b>Cash at the end of the period</b>                       | <b>16,284</b>     | <b>17,070</b>     |

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

|  | Issued capital<br>\$000 | Hedge Reserve<br>\$000 | Undistributed income<br>\$000 | Total<br>\$000 |
|--|-------------------------|------------------------|-------------------------------|----------------|
| <b>Balance at 1 July 2020</b>  | 945,558                 | (2,772)                | 1,025,959                     | 1,968,745      |
| Profit for the period attributable to unitholders of BWP Trust                             | -                       | -                      | 143,976                       | 143,976        |
| Other comprehensive income: Effective portion of changes in fair value of cash flow hedges | -                       | 1,070                  | -                             | 1,070          |
| <b>Total comprehensive income for the period</b>   | -                       | 1,070                  | 143,976                       | 145,046        |
| Distributions to unitholders   | -                       | -                      | (57,943)                      | (57,943)       |
| <b>Total transactions with unitholders of BWP Trust</b>                                    | -                       | -                      | (57,943)                      | (57,943)       |
| <b>Balance at 31 December 2020</b>   | 945,558                 | (1,702)                | 1,111,992                     | 2,055,848      |
| <b>Balance at 1 July 2021</b>  | 945,558                 | (778)                  | 1,171,636                     | 2,116,416      |
| Profit for the period attributable to unitholders of BWP Trust                             | -                       | -                      | 348,282                       | 348,282        |
| Other comprehensive income: Effective portion of changes in fair value of cash flow hedges | -                       | 619                    | -                             | 619            |
| <b>Total comprehensive income for the period</b>   | -                       | 619                    | 348,282                       | 348,901        |
| Distributions to unitholders   | -                       | -                      | (57,943)                      | (57,943)       |
| <b>Total transactions with unitholders of BWP Trust</b>                                    | -                       | -                      | (57,943)                      | (57,943)       |
| <b>Balance at 31 December 2021</b>   | 945,558                 | (159)                  | 1,461,975                     | 2,407,374      |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 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 2021 were authorised for issue in accordance with a resolution of the directors on 9 February 2022. The Trust was constituted under a Trust Deed dated 18 June 1998 as amended and is managed by BWP Management Limited (“the responsible entity”). Both the Trust and the responsible entity are domiciled in Australia.

The half-year financial statements are a general purpose financial report which:

- > has been prepared in accordance with the requirements of the Trust’s constitution, the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*;
- > has been prepared using the same significant accounting policies as those applied by the Trust in its financial statements for the year ended 30 June 2021;
- > has been prepared on an historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value;
- > is presented in Australian dollars, 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 Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, unless otherwise stated; and
- > does 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.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements of the Trust as at 30 June 2021 which are available upon request from the Trust’s registered office at Level 14, Brookfield Tower 2, 123 St Georges Terrace, Perth WA 6000 or at [bwptrust.com.au](http://bwptrust.com.au) and considered together with any public announcements made by the Trust during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 2 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, as well as other items as determined by the directors are not included in the profit available for distribution to unitholders. The following shows the effect on earnings per unit of excluding gains or losses in fair value of investment properties and the resulting distribution per unit:

|  | Dec 2021    | Dec 2020    |
|--|-------------|-------------|
| Basic and diluted earnings per unit (cents per unit)   | 54.22       | 22.41       |
| Basic and diluted earnings per unit excluding gains in fair value of properties (cents per unit)         | 8.79        | 8.86        |
| Interim distribution per unit (cents per unit)   | 9.02        | 9.02        |
| Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit | 642,383,803 | 642,383,803 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 3 INVESTMENT PROPERTIES

|  | Dec 2021<br>\$000 | Dec 2020<br>\$000 |
|--|-------------------|-------------------|
| Balance at the beginning of the period           | 2,621,600         | 2,484,200         |
| Reclassification to assets held for sale         | -                 | (15,800)          |
| Capital improvements during the period           | 2,329             | 2,430             |
| Straight-line lease income                       | 968               | 906               |
| Net unrealised gains from fair value adjustments | 291,803           | 87,064            |
| <b>Balance at the end of the period</b>          | <b>2,916,700</b>  | <b>2,558,800</b>  |

During the period the sale of the Trust's Mindarie property, which was included in assets held for sale at 30 June 2021, was finalised.

### (A) FAIR VALUE

Investment properties are carried at fair value. Fair value for individual properties is determined by a full 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 2021, 10 independent property valuations were performed.

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

All investment properties of the Trust have been categorised on a Level 3 fair value basis under AASB 13 *Fair Value Measurement*, as some of the inputs required to value the properties are not based on "observable market data". For full details of the methodology and the significant assumptions/inputs used please refer to the 30 June 2021 annual financial statements.

### COVID-19

While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the fair value assessment of the Trust's portfolio as at the reporting date includes the best estimate of the impacts of the COVID-19 pandemic using information available at the time of preparation of the financial statements and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may impact the fair value of the Trust's portfolio.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 3 INVESTMENT PROPERTIES (CONTINUED)

### (B) CAPITAL EXPENDITURE

Total capital expenditure on the portfolio during the half-year amounted to \$2.3 million. This comprised minor works at various properties.

## 4 DISTRIBUTION PAYABLE

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

|  | Dec 2021<br>\$000 | Dec 2020<br>\$000 |
|--|-------------------|-------------------|
| Profit for the period attributable to unitholders of BWP Trust | 348,282           | 143,976           |
| Capital profits released from undistributed profit             | 1,500             | 1,050             |
| Net unrealised gains in fair value of investment properties    | (291,803)         | (87,064)          |
| Distributable profit for the period                            | 57,979            | 57,962            |
| Opening undistributed profit                                   | 8                 | 13                |
| Closing undistributed profit                                   | (44)              | (32)              |
| <b>Distributable amount</b>                                    | <b>57,943</b>     | <b>57,943</b>     |
| <b>Distribution (cents per unit)</b>                           | <b>9.02</b>       | <b>9.02</b>       |

The recording of the distribution payable at each reporting date as a current liability may result in the Trust's current liabilities exceeding its current assets. This is a timing issue, as the Trust repays its interest-bearing loans and borrowings during the period from net profit and draws down its interest-bearing loans and borrowings when the distribution payments are made in August and February of each year. The current liabilities at 31 December 2021 also include the \$110 million fixed term corporate bond that matures in May 2022 to be repaid via the restructured Sumitomo Mitsui Banking Corporation facility (see Note 5).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 5 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December 2021 the Trust had the following borrowings:

|  | Expiry date   | Limit<br>\$000 | Amount<br>drawn<br>\$000 |
|--|---------------|----------------|--------------------------|
| <b>Bank debt facilities</b>                          |               |                |                          |
| Westpac Banking Corporation                          | 30 April 2023 | 135,000        | 48,500                   |
| Commonwealth Bank of<br>Australia                    | 31 July 2023  | 110,000        | 43,400                   |
|  |               | 245,000        | 91,900                   |
| <b>Corporate bonds</b>                               |               |                |                          |
| Fixed term five-year corporate<br>bonds <sup>1</sup> | 11 May 2022   | 110,000        | 110,000                  |
| Fixed term seven-year<br>corporate bonds             | 10 April 2026 | 150,000        | 150,000                  |
| Fixed term seven-year<br>corporate bond              | 24 March 2028 | 100,000        | 100,000                  |
| Accrued interest and borrowing<br>costs              |               |                | 3,582                    |
|  |               | 360,000        | 363,582                  |
|  |               | 605,000        | 455,482                  |

<sup>1</sup> \$469,000 of accrued interest and borrowing costs, together with the \$110 million fixed term corporate bond have been classified as current liabilities due to maturity in May 2022.

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 a \$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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 6 ISSUED CAPITAL

During the period no new units (2020: nil) were issued under the Trust's distribution reinvestment plan therefore the number of ordinary units on issue as at 31 December 2021 remained at 642,383,803. The distribution reinvestment plan was active for the interim distribution for the half-year ended 31 December 2021 with units acquired on-market.

## 7 HEDGE RESERVE

This reserve records the portion of the change in fair values of a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

|   | Dec 2021<br>\$000 | Jun 2021<br>\$000 |
|---|-------------------|-------------------|
| Balance at the beginning of the financial period                | (778)             | (2,772)           |
| Effective portion of changes in fair value of cash flow hedges: |                   |                   |
| - Realised losses transferred to profit or loss                 | 629               | 2,047             |
| - Unrealised losses on cash flow hedges                         | (10)              | (53)              |
| <b>Balance at the end of the financial period</b>               | <b>(159)</b>      | <b>(778)</b>      |

## 8 SEGMENT REPORTING

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 9 FINANCIAL INSTRUMENTS

### (A) FAIR VALUE

The fair values and carrying amounts of the Trust's financial assets and financial liabilities recorded in the financial statements are materially the same with the exception of the following:

|                              | Dec 2021<br>\$000 | Jun 2021<br>\$000 |
|------------------------------|-------------------|-------------------|
| Corporate bonds – book value | (363,582)         | (363,610)         |
| Corporate bonds – fair value | (363,649)         | (374,621)         |

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

#### Loans and receivables, and payables and deferred income

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

#### Cash and short-term deposits

The carrying amount is fair value due to the liquid nature of these assets.

#### Bank debt facilities and corporate bonds

Market values have been used to determine the fair value of corporate bonds using a quoted market price. The fair value of bank debt facilities have been calculated discounting the expected future cash flows at prevailing interest rates using market observable inputs.

#### Interest rate swaps

Interest rate swaps are measured at fair value by valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

### (B) FINANCIAL RISK MANAGEMENT – CREDIT RISK

An allowance for impairment in respect of receivables of \$90,743 has been made during the current half-year (2020: \$90,743). Based on historical default rates, the Trust believes that no other impairment allowance is necessary.

Other aspects of the Trust's financial risk management objectives and policies are consistent with those disclosed in the 30 June 2021 annual financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

## 10 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:

|                                 | Dec 2021<br>\$000 | Jun 2021<br>\$000 |
|---------------------------------|-------------------|-------------------|
| <b>Not later than one year:</b> |                   |                   |
| Related parties                 | 15,300            | 2,500             |
|                                 | <b>15,300</b>     | <b>2,500</b>      |

## CAPITAL COMMITMENTS TO RELATED PARTIES

### Coburg, Victoria

In December 2019, the Trust committed to expand its Coburg Bunnings Warehouse, Victoria at a cost of \$2.5 million.

### 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.

## 11 RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2021 annual financial statements, along with Note 10 of these financial statements.

# DIRECTORS' REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021 and ended 31 December 2021 and review report thereon. The information on pages 12 to 17 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:

- > Erich Fraunschiel (Chairman)
- > Danielle Carter (appointed 2 December 2021)
- > Fiona Harris AM
- > Tony Howarth AO
- > Alison Quinn
- > Mike Steur
- > Michael Wedgwood

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 2021 and the results of those operations are reviewed on pages 12 to 17 of this report and the accompanying financial statements.

|  | Dec 2021<br>\$000 | Dec 2020<br>\$000 |
|--|-------------------|-------------------|
| Profit for the period attributable to unitholders of BWP Trust | 348,282           | 143,976           |
| Capital profits released from undistributed profit             | 1,500             | 1,050             |
| Net unrealised gains in fair value of investment properties    | (291,803)         | (87,064)          |
| Distributable profit for the period                            | 57,979            | 57,962            |
| Opening undistributed profit                                   | 8                 | 13                |
| Closing undistributed profit                                   | (44)              | (32)              |
| <b>Distributable amount</b>                                    | <b>57,943</b>     | <b>57,943</b>     |

The interim distribution is 9.02 cents per ordinary unit (2020: 9.02 cents). This interim distribution will be paid on 25 February 2022.

## UNITS ON ISSUE

At 31 December 2021, 642,383,803 units of BWP Trust were on issue (30 June 2021: 642,383,803).

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Trust in subsequent financial periods.

## AUDITOR INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 37 and forms part of the directors' report for the half-year ended 31 December 2021.

## ROUNDING OFF

The amounts contained in this report and the financial statements have been rounded to the nearest thousand dollars under the option available to the Trust under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated. The Trust is an entity to which the Class Order applies.

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



### **Erich Fraunschiel**

Chairman  
BWP Management Limited  
Perth, 9 February 2022

# DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021

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 2021 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.



**Erich Fraunschiel**

Chairman  
BWP Management Limited  
Perth, 9 February 2022

# AUDITOR'S INDEPENDENCE DECLARATION



FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER  
SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of BWP Management Limited as the responsible entity  
of BWP Trust

I declare that, to the best of my knowledge and belief, in relation to  
the review of BWP Trust for the half-year ended 31 December 2021  
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
- (i) no contraventions of any applicable code of professional  
conduct in relation to the review.

KPMG

**Derek Meates**

Partner  
Perth  
9 February 2022

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# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE UNITHOLDERS OF BWP TRUST

### REPORT ON THE HALF-YEAR FINANCIAL REPORT

#### CONCLUSION

We have reviewed the accompanying *Half-year Financial Report* of BWP Trust (the Trust).

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 does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (i) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Half-year Financial Report* comprises the:

- > Statement of financial position as at 31 December 2021
- > Statement of profit or loss and other comprehensive income, statement of changes in equity and 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
- > The Directors' Declaration.

#### BASIS FOR CONCLUSION

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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## RESPONSIBILITIES OF THE DIRECTORS 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*
- > such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY FOR THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2021 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*.

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.



**KPMG**



**Derek Meates**

Partner  
Perth  
9 February 2022



# DIRECTORY

FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021

## RESPONSIBLE ENTITY

BWP Management Limited  
ABN 26 082 856 424

Level 14, Brookfield Place Tower 2,  
123 St Georges Terrace,  
Perth WA 6000

Telephone: +61 8 9327 4356  
Facsimile: +61 8 9327 4344

[bwptrust.com.au](http://bwptrust.com.au)

## DIRECTORS

Erich Fraunschiel (Chairman)  
Michael Wedgwood  
(Managing Director)  
Danielle Carter  
(appointed 2 December 2021)  
Fiona Harris AM  
Tony Howarth AO  
Alison Quinn  
Mike Steur

## COMPANY SECRETARY

Karen Lange

## REGISTRY MANAGER

Computershare Investor Services  
Pty Limited

Level 11, 172 St Georges Terrace  
Perth WA 6000

Telephone: 1300 136 972  
(within Australia)

Telephone: +61 3 9415 4323  
(outside Australia)

Facsimile: 1800 783 447  
(within Australia)

Facsimile: +61 3 9473 2500  
(outside Australia)

[computershare.com.au](http://computershare.com.au)

## AUDITOR

KPMG

235 St Georges Terrace  
Perth WA 6000

# INVESTOR INFORMATION

## STOCK EXCHANGE LISTING

The BWP Trust is listed on the Australian Securities Exchange ("ASX") and reported in the "Industrial" section in daily newspapers – code BWP.

## DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan was operational during the six month reporting period.

## ELECTRONIC PAYMENT OF DISTRIBUTIONS

All distributions to unitholders in Australia are by direct credit only to the unitholder's nominated account. Unitholders may nominate a bank, building society or credit union account for the payment of distributions by direct credit. Payments are electronically credited on the distribution date and confirmed either by an electronic or mailed payment advice. Unitholders wishing to take advantage of payment by direct credit can provide their banking instructions online by logging onto [www.investorcentre.com/au](http://www.investorcentre.com/au). Alternatively, unitholders can request the relevant forms by contacting the registry.

## PUBLICATIONS

The annual report is the main source of information for unitholders. In addition, unitholders are sent a half-year report in February each year providing a review, in summary, of the six months to December.

Periodically, the Trust may also send releases to the ASX covering matters of relevance to investors.

## WEBSITE

The Trust's website, [bwptrust.com.au](http://bwptrust.com.au) provides information on each property in the portfolio, and an overview of the Trust's approach to investment, corporate governance and sustainability. The site also provides unit price information and access to annual and half-year reports and releases made to the ASX.

## ANNUAL TAX STATEMENTS

Accompanying the final distribution payment in August or September each year will be an annual tax statement which details any tax advantaged components of the year's distribution, if applicable.

## PROFIT DISTRIBUTIONS

Profit distributions are paid twice yearly, normally in February and August.

## UNITHOLDER ENQUIRIES

Please contact the Registry Manager if you have any questions about your unitholding or distributions.

## COMPLAINTS HANDLING

Complaints made in regard to BWP Trust should be directed to the Managing Director, BWP Management Limited, Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000. The procedure for lodgement of complaints and complaints handling is set out under the **Contact Us** tab of the BWP Trust website at [bwptrust.com.au](http://bwptrust.com.au).

## EXTERNAL DISPUTES RESOLUTION

Should a complainant be dissatisfied with the decision made by the responsible entity in relation to a complaint, the complainant is entitled to lodge a dispute with the Australian Financial Complaints Authority (AFCA), an independent external dispute resolution (EDR) scheme authorised by the Minister for Revenue and Financial Services to deal with complaints from consumers in the financial system. AFCA can be contacted by telephone on 1800 931 678 (free call), by email to [info@afca.org.au](mailto:info@afca.org.au), by fax to (03) 9613 6399, by mail addressed to Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne VIC 3001, or by visiting their website at [www.afca.org.au](http://www.afca.org.au).







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