

3 February 2021

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

Dear Sir

BWP Trust results for the half-year ended 31 December 2020

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 2020; and
- > Half-Year results announcement.

Released separately, but immediately following, will be the:

- > Half-Year Report to Unitholders (contains the Business Review and Financial Statements)
- > Half-Year Results Investor Presentation.

It is recommended that the Half-Year Report is read in conjunction with the Annual Report of BWP Trust for the year ended 30 June 2020, together with any public announcements made by BWP Trust in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **3 February 2021** at **8:30am AWST** (11:30am EDST).

Investors and analysts wishing to participate should dial **1800 175 864** from within Australia (+61 2 8373 3550 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **3383718**). This briefing is recorded and made available via our website.

Yours faithfully



Karen Lange
Company Secretary

ASX release

3 February 2021

APPENDIX 4D

FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2020

RESULTS FOR ANNOUCEMENT TO THE MARKET		6 months to 31 Dec 20	6 months to 31 Dec 19	Variance %
Revenue from ordinary activities	\$000	76,105	76,246	0
Profit before gains on investment properties	\$000	56,912	57,154	0
Gains in fair value of investment properties	\$000	87,064	78,480	11
Profit from ordinary activities attributable to unitholders	\$000	143,976	135,634	6
Net tangible assets per unit	\$	3.20	3.04	5
DISTRIBUTIONS				
Interim distribution paid	\$000	57,943	57,943	0
Interim distribution per unit	cents	9.02	9.02	0
Record date for determining entitlements to the interim distribution			31 December 2020	
Payment date for interim distribution			26 February 2021	

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

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was in effect for the half-year ended 31 December 2020 and will apply to future distributions unless notice is given of its suspension or termination.

Applications to participate in or to cease or vary participation in the DRP were required to be correctly completed and lodged by 5.00pm (AWST) on 4 January 2021 if they were to apply to the interim distribution for 2020/21. Forms received after that time will be effective for subsequent distributions only.

The allocation price for units allocated under the DRP in respect of the interim distribution for 2020/21 will be calculated as the average of the daily volume weighted average unit price for the 20 consecutive trading days from and including 6 January 2021 to 3 February 2021, with no discount to be applied.

Commentary on the results for the period

The commentary on the results for the period is contained in the ASX release dated 3 February 2021 accompanying this statement.



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

For further information please contact:

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BWP Management Limited

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ASX release

3 February 2021

HALF-YEAR RESULTS TO 31 DECEMBER 2020

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 2020.

Half-year highlights

- > Net profit for the six months was \$144.0 million, which included \$87.1 million of unrealised gains in the fair value of investment properties
- > Distributable amount of \$57.9 million for the six months – in line with the previous corresponding period
- > Interim distribution of 9.02 cents per unit – in line with the previous corresponding period
- > Like-for-like rental growth of 2.0 per cent for the 12 months to 31 December 2020
- > Weighted average lease expiry of 4.3 years at 31 December 2020 with 97.4 per cent leased
- > Gearing (debt/total assets) 17.8 per cent as at 31 December 2020
- > Weighted average cost of debt of 3.2 per cent per annum for the six month period
- > \$2.6 billion portfolio valuation as at 31 December 2020
- > Net tangible assets of \$3.20 per unit at 31 December 2020



Results summary

Half-year ended 31 December		2020	2019
Total income	\$m	76.1	76.2
Total expenses	\$m	(19.2)	(19.1)
Profit before gains in fair value of investment properties	\$m	56.9	57.2
Gains in fair value of investment properties	\$m	87.1	78.5
Net profit	\$m	144.0	135.6
<i>Less:</i> gains in fair value of investment properties	\$m	(87.1)	(78.5)
Amounts released from undistributed income reserve	\$m	1.0	0.7
Distributable amount for period	\$m	57.9	57.9
Distribution per ordinary unit	cents	9.02	9.02
Total assets	\$m	2,596.1	2,487.1
Borrowings	\$m	462.2	447.0
Unitholders' equity	\$m	2,055.8	1,953.1
Gearing (debt to total assets)	%	17.8	18.0
Number of units on issue	m	642	642
Number of unitholders		23,345	20,712
Net tangible assets backing per unit	\$	3.20	3.04
Unit price at 31 December	\$	4.42	3.92
Management expense ratio ¹ (annualised)	%	0.64	0.63

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

Net profit for the period was \$144.0 million, including \$87.1 million of unrealised gains in the fair value of investment properties. This compares with net profit for the previous corresponding period of \$135.6 million which included unrealised gains of \$78.5 million in the fair value of investment properties.

Total income for the period was \$76.1 million, a decrease of 0.2 per cent over the previous corresponding period, after taking into account rent abatements of \$403,868 provided to tenants impacted by the COVID-19 shutdowns during the six months to 31 December 2020.

Finance costs of \$7.5 million were 4.1 per cent lower than the previous corresponding six months, due to a lower weighted average cost of debt of 3.2 per cent, compared to 3.5 per cent for the previous corresponding period. The average level of borrowings was 6.6 per cent higher than the previous corresponding period (\$467.8 million compared with \$439.0 million). Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was lower than for the previous corresponding period (77.3 per cent compared with 79.1 per cent).



Other operating expenses increased from \$4.2 million in the previous corresponding period to \$4.3 million in the current period, mainly as a result of additional outgoings required to be paid by the Trust for properties in the process of being redeveloped.

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 \$1.0 million (31 December 2019: \$0.7 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 26 February 2021 to unitholders on the Trust's register at 5:00 pm AWST on 31 December 2020.

At 31 December 2020, the Trust's total assets were \$2.6 billion, with unitholders' equity of \$2.1 billion and total liabilities of \$0.5 billion.

The underlying net tangible asset backing of the Trust's units increased by 14 cents per unit during the period, from \$3.06 per unit at 30 June 2020, to \$3.20 per unit at 31 December 2020. This increase was largely due to the net unrealised gains on revaluation of investment properties.

Capital Expenditure

Capital expenditure of \$2.4 million was incurred during the period. It comprised minor works at various properties.

Acquisitions and Divestments

No properties were acquired or divested during the period. The Trust has entered into an unconditional contract of sale to sell the ex-Bunnings Warehouse property at Underwood in Queensland to an unrelated third party for \$16.0 million, with settlement scheduled in May 2021. The Trust has entered into a conditional option agreement with an unrelated third party to sell the ex-Bunnings Warehouse property at Mindarie in Western Australia. Due to the conditional nature of this agreement, the property is not disclosed as an asset held for sale at 31 December 2020.

Capital Commitments

Commitment to expansion of Bunnings Warehouse, Croydon, Victoria

In August 2019, the Trust committed to expand its Croydon Bunnings Warehouse, Victoria at a cost of \$4.0 million. Construction is under way. The annual rental will increase by approximately \$0.3 million on completion.

Commitment to expansion of Bunnings Warehouse, Coburg, Victoria

In December 2019, the Trust committed to expand its Coburg Bunnings Warehouse, Victoria at a cost of \$2.5 million. Construction has not yet commenced. The annual rental will increase by approximately \$0.1 million on completion.

Commitment to expansion of Bunnings Warehouse, Port Melbourne, Victoria

In February 2020, the Trust committed to expand its Port Melbourne Bunnings Warehouse, Victoria at a cost of \$6.6 million. Construction is under way. The annual rental will increase by approximately \$0.4 million on completion.

Occupancy and Average Lease Expiry

At 31 December 2020, the portfolio was 97.4 per cent leased with a weighted average lease expiry term of 4.3 years (30 June 2020: 4.0 years, 31 December 2019: 4.3 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 six 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 leases was 1.4 per cent.



Market Rent Reviews

The market rent reviews that were due for six Bunnings Warehouses during the year ended 30 June 2020 and four that were due during the six months to 31 December 2020 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 (\$ pa)	Market review (\$ pa)	Variance (%)	Effective date
Wollongong, NSW ^{1,2}	1,469,571	1,405,000	(4.4)	9-Feb-18
Villawood, NSW ^{1,3}	1,738,610	1,827,000	5.1	14-May-18
Browns Plains, QLD ^{2,4}	1,791,153	1,793,000	0.1	7-May-19
Thornleigh, NSW ^{3,5}	1,420,291	1,420,291	-	6-Sep-19
Maitland, NSW ^{3,5}	1,451,887	1,451,887	-	18-Oct-19
Albany, WA ^{2,5}	904,854	790,000	(12.7)	1-Nov-19
Bibra Lake, WA ^{2,5}	1,757,639	1,671,000	(4.9)	1-Nov-19
Northland, VIC ³	2,029,869	2,029,869	-	19-Aug-20
Total/ Weighted average	12,563,874	12,388,047	(1.4)	

¹ The market rent review was due during the year ended 30 June 2018, but the outcome was only finalised during the current financial year.

² The market rent review was determined by an independent valuer.

³ The market rent review was agreed between the parties.

⁴ The market rent review was due during the year ended 30 June 2019, but the outcome was only finalised during the current financial year.

⁵ The market rent review was due during the year ended 30 June 2020, 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 2.0 per cent for the 12 months to 31 December 2020 (compared to 2.0 per cent for the 12 months to 31 December 2019 which was previously disclosed as a 2.2 per cent increase, but has now been updated following the finalisation of the seven market rent reviews related to that period).

The unresolved market reviews at 31 December 2020 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 11 properties during the period. The remaining 64 properties were subject to directors' valuations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2020 was 5.84 per cent (30 June 2020: 6.08 per cent; 31 December 2019: 6.08 per cent).

The value of the Trust's portfolio increased by \$90.4 million to \$2,574.6 million during the half-year following capital expenditure of \$2.4 million and revaluation gains of \$87.1 million, after adjusting for the straight-lining of rent of \$0.9 million.



Capital Management

The Trust's debt facilities as at 31 December 2020 are summarised below:

	Limit (\$m)	Amount drawn (\$m)	Expiry date
Bank debt facilities			
Westpac Banking Corporation	135.0	50.6	30 April 2022
Commonwealth Bank of Australia	110.0	48.0	31 July 2022
Sumitomo Mitsui Banking Corporation	100.0	100.0	20 May 2024
Corporate bonds			
Fixed term five-year corporate bonds	110.0	110.0	11 May 2022
Fixed term seven-year corporate bonds	150.0	150.0	10 April 2026
	605.0	458.6	

Subsequent to the period end, the Trust extended the debt facilities with the Westpac Banking Corporation for a further one year to 30 April 2023. The weighted average duration of the facilities at 31 December 2020 was 2.7 years (31 December 2019: 3.5 years).

Outlook

The Trust is well positioned in the current COVID-19 environment with the significant majority of rental income being from Bunnings and other national large format retailers which are all trading well during this time.

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2021. There are 41 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of the 2020/21 financial year. There are also 19 market rent reviews of Bunnings Warehouses that remain unresolved and are in the process of being finalised.

Demand for Bunnings Warehouse properties is expected to remain relatively stable in the near-term given the current low interest rate environment and the strength of the Bunnings covenant.

BWP's primary focus for the remainder of the 2021 financial year will be on leasing vacancies in the portfolio, progressing store upgrades, and extending existing leases with Bunnings through the exercise of options. The Trust could expect the distribution for the year ending 30 June 2021 to be similar to the ordinary distribution paid for the year ended 30 June 2020, with capital profits being utilised to support the distribution as necessary. The distribution may be reviewed in the event the COVID-19 impacts are more severe or prolonged than anticipated.

Michael Wedgwood

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