bwp TRUST

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7 February 2018

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 2017

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 2017; 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 2017, 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 **7 February 2018** at **8:30am AWST** (11:30am EDST).

Investors and analysts wishing to participate should dial **1800 175 864** from within Australia (+612 8373 3550 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **6848977**). This briefing is recorded and made available via our website.

Yours faithfully

Karen Lange
Company Secretary

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ASX release

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APPENDIX 4D FINANCIAL HALF YEAR ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET		**6 months to 31 Dec 17**	6 months to 31 Dec 16	Variance %
Revenue from ordinary activities	$000	**76,933**	75,753	2
Profit before gains on investment properties	$000	**56,437**	55,459	2
Gains in fair value of investment properties	$000	**46,921**	17,901	162
Profit from ordinary activities attributable to unitholders	$000	**103,358**	73,360	41
Net tangible assets per unit	$	**2.82**	2.60	8
DISTRIBUTIONS				
Interim distribution paid	$000	**56,401**	55,438	2
Interim distribution per unit	cents	**8.78**	8.63	2

Record date for determining entitlements to the final distribution	29 December 2017
Payment date for final distribution	23 February 2018

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 2017 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 2 January 2018 if they were to apply to the interim distribution for 2017/18. Forms received after that time will be effective for subsequent distributions only.

Units allocated under the DRP in respect of the interim distribution for 2017/18 will be allocated at $3.01 per unit, representing no discount to the average of the daily volume weighted average unit price for the 20 consecutive trading days from and including 8 January 2018 to 5 February 2018.

Commentary on the results for the period

The commentary on the results for the period is contained in the ASX release dated 7 February 2018 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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ASX release

7 February 2018

HALF-YEAR RESULTS TO 31 DECEMBER 2017

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 2017.

Half-year highlights

> Income of $76.9 million for the six months – up 1.6 per cent on the previous corresponding period

> Distributable profit of $56.4 million for the six months – up 1.7 per cent on the previous corresponding period

> Interim distribution of 8.78 cents per unit – up 1.7 per cent on the previous corresponding period

> Market rent reviews on four sites were completed during the six months – at a weighted average 4.1 per cent increase in annual rent

> Like-for-like rental growth of 2.4 per cent for the 12 months to 31 December 2017

> Cost of debt of 4.7 per cent per annum as at 31 December 2017

> Weighted Average Lease Expiry of 4.8 years at 31 December 2017

> Net Tangible Assets of $2.82 per unit at 31 December 2017 – up 8.5 per cent on the previous corresponding period

> Gearing (debt/total assets) 19.8 per cent at 31 December 2017

Results summary

Half-year ended 31 December		2017	2016
Total income	$m	76.9	75.8
Total expenses	$m	(20.5)	(20.3)
Profit before gains in fair value of investment properties	$m	56.4	55.5
Gains in fair value of investment properties[1]	$m	46.9	17.9
Net profit	$m	103.3	73.4
Less: net gains in fair value of investment properties[1]	$m	(46.9)	(17.9)
Distributable profit for period	$m	56.4	55.5
Distribution per ordinary unit	cents	8.78	8.63
Total assets	$m	2,353.3	2,218.7
Borrowings	$m	465.5	470.4
Unitholders' equity	$m	1,810.6	1,668.0
Gearing (debt to total assets)	%	19.8	21.2
Number of units on issue	m	642	642
Number of unitholders		23,503	23,613
Net tangible asset backing per unit	$	2.82	2.60
Unit price at 31 December	$	3.09	2.99
Management expense ratio (annualised)	%	0.61	0.62

1. Includes realised gain on disposal of investment properties of $2.5 million.

Total income for the period was $76.9 million, an increase of 1.6 per cent over the previous corresponding period. The increase in income was mainly due to rental growth from the existing property portfolio.

Finance costs of $11.2 million were 1.0 per cent lower than the previous corresponding six months, due to slightly lower borrowing levels and a lower weighted average cost of debt. The average level of borrowings was 0.2 per cent lower than the previous corresponding period ($476.3 million compared with $477.0 million). The weighted average cost of debt for the half-year (finance costs as a percentage of average borrowings) was 4.65 per cent per annum, compared to 4.69 per cent per annum for the previous corresponding period. The lower cost of debt was the result of lower fixed and variable interest rates for the period. 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 (77.5 per cent compared with 86.0 per cent).

Other operating expenses of $2.9 million were in line with the previous corresponding period.

For the half-year the Trust reported a distributable profit of $56.4 million, an increase of 1.7 per cent on the previous corresponding period, primarily due to increased property revenue from rental increases and lower borrowing costs during the period.

An interim distribution of 8.78 cents per ordinary unit has been declared. This is 1.7 per cent higher than the previous corresponding period (8.63 cents per unit), reflecting the increase in the distributable profit over the previous corresponding period.

The interim distribution will be made on 23 February 2018 to unitholders on the Trust's register at 5:00 pm on 29 December 2017.

At 31 December 2017, the Trust's total assets were $2,353.3 million, with unitholders' equity of $1,810.6 million and total liabilities of $542.7 million.

The underlying net tangible asset backing of the Trust's units increased by eight cents per unit during the period, from $2.74 per unit at 30 June 2017, to $2.82 per unit at 31 December 2017.
This increase was largely due to the result of the net unrealised gains on revaluation of investment properties (refer to the Revaluations section).

Capital Expenditure
Total capital expenditure on the portfolio during the half-year amounted to $0.7 million, comprising minor works at various properties.

Divestments
The Trust divested the property vacated by Bunnings at Dandenong in Victoria to an unrelated third party, for $16.4 million in November 2017.

Capital Commitments
In April 2016, the Trust committed to expand its Villawood Bunnings Warehouse, New South Wales, at a cost of $4.0 million. The annual rental will increase by approximately $0.1 million as determined under the terms of the lease.

Occupancy and Average Lease Expiry
At 31 December 2017, the portfolio was 99.2 per cent leased with a weighted average lease expiry term of 4.8 years (30 June 2017: 5.0 years, 31 December 2016: 5.5 years).

Rent Reviews
The rent payable for each leased property is increased annually, either by a fixed percentage or by the CPI, except when a property is due for a market rent review.

Annual Escalations
Fifty three 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 2.4 per cent.

Market Rent Reviews

During the period, market rent reviews were concluded on the Bunnings Warehouses at Croydon, Victoria, Scoresby, Victoria, Gladstone, Queensland and Hervey Bay, Queensland. The market rent review for the Gladstone Bunnings Warehouse was determined by an independent valuer and the market rent reviews for the Bunnings Warehouses at Croydon, Scoresby and Hervey Bay were agreed with Bunnings. The market rent review for one Trust-owned Bunnings Warehouse (Fyshwick, Australian Capital Territory) due during the period remains unresolved. The market rent reviews completed during the half-year are shown in the following table.

Property location	Passing rent ($ pa)	Market review ($ pa)	Uplift (%)	Effective date
Croydon, VIC[1]	1,868,741	1,900,000	1.7	31 Oct 16
Gladstone, QLD[2]	1,137,903	1,308,588	15.0[3]	16 Feb 17
Scoresby, VIC[1]	1,881,763	1,881,763	-	1 Jun 17
Hervey Bay, QLD	1,252,063	1,300,000	3.8	23 Dec 17
Weighted Average			**4.1**	

1 The market rent review was due during the year ended 30 June 2017, but the outcome of the negotiation was only completed during the current financial year.

2 The market rent review was due during the year ended 30 June 2017, but was determined by an independent valuer during the current financial year.

3 The independently determined rent was 25.8 per cent above the passing rent however, the market rent review clause in the lease has a 15.0 per cent cap on the increase.

Like-for-Like Rental Growth

Excluding rental income from properties acquired or expanded during or since the previous corresponding period, rental income increased by approximately 2.4 per cent for the 12 months to 31 December 2017 (compared to 2.3 per cent for the 12 months to 31 December 2016 which was previously disclosed as a 2.4 per cent increase, but has now been updated following the finalisation of the two market rent reviews related to that period).

The unresolved market review at 31 December 2017 is 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 12 properties during the period. The remaining 67 properties were subject to directors' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2017 was 6.50 per cent (30 June 2017: 6.59 per cent; December 2016: 6.77 per cent).

The value of the Trust's portfolio increased by $31.7 million to $2,326.3 million during the half-year following: capital expenditure of $0.7 million; realised gain on disposal of investment properties of $2.5 million; a net revaluation gain of $44.4 million at 31 December 2017; less net proceeds from the sale of the Dandenong property of $15.9 million.

Capital Management

The Trust's debt facilities as at 31 December 2017 are summarised below.

	Limit ($m)	Amount drawn ($m)	Expiry date
Bank debt facilities			
Commonwealth Bank of Australia	110.0	85.0	31 July 2020
Westpac Banking Corporation	135.0	70.0	30 April 2021
Corporate bonds			
Fixed term five-year corporate bond	200.0	200.0	27 May 2019
Fixed term five-year corporate bond	110.0	110.0	11 May 2022
	555.0	**465.0**	

Outlook

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2018. There are 41 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of 2017/18. There are also five market rent reviews of Bunnings Warehouses to be completed by the end of this financial year.

The responsible entity will continue to work with Bunnings to upgrade and improve the core portfolio of properties leased to Bunnings.

The responsible entity will continue to look to acquire quality investment properties that are value accretive for the Trust. As part of ongoing active portfolio management, the responsible entity will also continue to assess potential divestments where properties have reached optimum value.

For any properties vacated, or to be vacated by Bunnings, there are a number of possibilities for their future use. All are considered. Most often, the focus is on re-leasing the existing building as is, or it may involve reconfiguring the building before leasing it. In some cases, the focus might be directed at re-zoning certain properties for their highest and best use. Alternatively, if properties are considered to have reached their valuation potential for the Trust's purposes, they may be sold.

For the second half of the financial year the Trust expects to maintain distribution growth at 1.7 per cent. Capital profits would be utilised to support distributions if required during this transition period for some of the properties in the portfolio.

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