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4 February 2020

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 2019

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 2019; 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 2019, 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 **4 February 2020** at **8:00am AWST** (11:00am 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 **7393216**).
This briefing is recorded and made available via our website.

Yours faithfully

Karen Lange
Company Secretary

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APPENDIX 4D — FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET		6 months to 31 Dec 19	6 months to 31 Dec 18	Variance %
Revenue from ordinary activities	$000	**76,246**	79,028	-4
Profit before gains on investment properties	$000	**57,154**	58,784	-3
Gains in fair value of investment properties	$000	**78,480**	20,113	290
Profit from ordinary activities attributable to unitholders	$000	**135,634**	78,897	72
Net tangible assets per unit	$	**3.04**	2.89	5
DISTRIBUTIONS				
Interim distribution paid	$000	**57,943**	57,365	1
Interim distribution per unit	cents	**9.02**	8.93	1

Record date for determining entitlements to the interim distribution	31 December 2019
Payment date for interim distribution	21 February 2020

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 2019 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 2020 if they were to apply to the interim distribution for 2019/20. Forms received after that time will be effective for subsequent distributions only.

Units allocated under the DRP in respect of the interim distribution for 2019/20 will be allocated at $4.04 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 6 January 2020 to 3 February 2020.

Commentary on the results for the period

The commentary on the results for the period is contained in the ASX release dated 4 February 2020 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

4 February 2020

HALF-YEAR RESULTS TO 31 DECEMBER 2019

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 2019.

Half-year highlights

> Net profit for the six months was $135.6 million, which included $78.5 million of unrealised gains in the fair value of investment properties
> Distributable amount of $57.9 million for the six months – up 1.0 per cent on the previous corresponding period
> Interim distribution of 9.02 cents per unit – up 1.0 per cent on the previous corresponding period
> Like-for-like rental growth of 2.2 per cent for the 12 months to 31 December 2019
> Weighted average lease expiry of 4.3 years as at 31 December 2019 with 97.5 per cent leased
> Gearing (debt/total assets) 18.0 per cent as at 31 December 2019
> Weighted average cost of debt of 3.5 per cent for the six month period
> $2.5 billion portfolio valuation as at 31 December 2019
> Net tangible assets of $3.04 per unit as at 31 December 2019

Results summary

Half-year ended 31 December		2019	2018
Total income	$m	76.2	79.0
Total expenses	$m	(19.1)	(20.2)
Profit before gains in fair value of investment properties	$m	57.2	58.8
Gains in fair value of investment properties	$m	78.5	20.1
Net profit	$m	135.6	78.9
Less: gains in fair value of investment properties	$m	(78.5)	(20.1)
Amounts released from/ (credited to) undistributed income reserve	$m	0.7	(1.4)
Distributable amount for period	$m	57.9	57.4
Distribution per ordinary unit	cents	9.02	8.93
Total assets	$m	2,487.1	2,375.3
Borrowings	$m	447.0	437.9
Unitholders' equity	$m	1,953.1	1,854.4
Gearing (debt to total assets)	%	18.0	18.4
Number of units on issue	m	642	642
Number of unitholders		20,712	21,305
Net tangible assets backing per unit	$	3.04	2.89
Unit price at 31 December	$	3.92	3.53
Management expense ratio[1] (annualised)	%	0.63	0.62

Figures above subject to rounding

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

Net profit for the period was $135.6 million, including $78.5 million of unrealised gains in the fair value of investment properties. This compares with net profit for the previous corresponding period of $78.9 million which included unrealised gains of $20.1 million in the fair value of investment properties.

Total income for the period was $76.2 million, a decrease of 3.5 per cent over the previous corresponding period. The lower income was largely due to the rent foregone from divestments and the redevelopment of sites vacated by Bunnings that occurred during prior periods.

Finance costs of $7.8 million were 21.9 per cent lower than the previous corresponding six months, due to a lower weighted average cost of debt and lower borrowing levels. The weighted average cost of debt for the half-year (finance costs as a percentage of average borrowings) was 3.53 per cent, compared to 4.31 per cent for the previous corresponding period. The average level of borrowings was 4.7 per cent lower than the previous corresponding period ($439.0 million compared with $460.8 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 (79.1 per cent compared with 83.0 per cent).

Other operating expenses increased from $3.5 million in the previous corresponding period to $4.2 million in the current period, mainly as a result of a significant increase in Victorian Land Tax, and outgoings for properties in the process of being redeveloped.

For the half-year the Trust reported a distributable amount of $57.9 million, an increase of 1.0 per cent on the previous corresponding period, including a partial release of capital profits from previous years.

An interim distribution of 9.02 cents per ordinary unit has been declared. This is 1.0 per cent higher than the previous corresponding period (8.93 cents per unit), reflecting the increase in the distributable amount over the previous corresponding period.

The interim distribution will be made on 21 February 2020 to unitholders on the Trust's register at 5:00 pm on 31 December 2019.

At 31 December 2019, the Trust's total assets were $2.49 billion, with unitholders' equity of $1.95 billion and total liabilities of $534.0 million.

The underlying net tangible asset backing of the Trust's units increased by 12 cents per unit during the period, from $2.92 per unit at 30 June 2019, to $3.04 per unit at 31 December 2019. This increase was largely due to the net unrealised gains on revaluation of investment properties.

Capital Expenditure

Total capital expenditure on the portfolio during the half-year amounted to $22.1 million, comprising minor works at various properties and the items outlined below.

Completion of expansion of Bunnings Warehouse, Villawood, New South Wales

In December 2019, the Trust completed the expansion of its Villawood Bunnings Warehouse, New South Wales, at a cost of $5.0 million. The annual rental increased by approximately $0.2 million. The parties have entered into a new seven year lease with four, five year options, exercisable by Bunnings. The rent will increase by a fixed three per cent per annum. At the end of the initial term and at the exercise of each option by Bunnings, the rent is subject to a market review. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent, and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent.

Completion of repositioning of ex-Bunnings Warehouse, Hoxton Park, New South Wales

Following Bunnings' surrender of lease in mid-2019, the Trust completed works totalling $11.3 million in December 2019 to reconfigure the Hoxton Park, New South Wales property for use as a large format retail centre. The property is 92 per cent leased and we expect to finalise leases for the remaining two tenancies by 30 June 2020.

Part completion of repositioning of ex-Bunnings Warehouse, Port Macquarie, New South Wales

During the half, the Trust spent $3.4 million to reconfigure the ex-Bunnings Warehouse property in Port Macquarie, New South Wales (vacated by Bunnings in early 2019) into a large format retail centre. It is expected that work on this property will be completed by March 2020.

Acquisitions and Divestments

There were no properties acquired or divested during the period.

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. The annual rental will increase by approximately $0.3 million.

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. The annual rental will increase by approximately $0.1 million.

Occupancy and Average Lease Expiry

At 31 December 2019, the portfolio was 97.5 per cent leased with a weighted average lease expiry term of 4.3 years (30 June 2019: 4.4 years, 31 December 2018: 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 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 these leases was 2.2 per cent.

Market Rent Reviews

The market rent reviews that were due for three Bunnings Warehouses during the year ended 30 June 2018, two during the year ended 30 June 2019 and six that were due during the six months to 31 December 2019 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
Balcatta, WA[1,2]	2,336,761	2,220,000	(5.0)	23-Sep-18
Coburg, VIC[1,3]	1,531,347	1,684,481	10.0	3-Nov-18
Tuggeranong, ACT[1,2]	1,847,740	1,800,000	(2.6)	1-Dec-18
Cannon Hill, QLD[1,2]	2,548,846	2,550,000	0.1	1-Apr-19
Weighted average	**8,264,694**	**8,254,481**	**(0.1)**	

[1] The market rent review was due during the year ended 30 June 2019, 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 at the 10 per cent cap in the lease.

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 2019 (compared to 2.3 per cent for the 12 months to 31 December 2018 which was previously disclosed as a 2.5 per cent increase, but has now been updated following the finalisation of the three market rent reviews related to that period).

The unresolved market reviews at 31 December 2019 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 18 properties during the period. The remaining 57 properties were subject to directors' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2019 was 6.08 per cent (30 June 2019: 6.30 per cent; 31 December 2018: 6.40 per cent).

The value of the Trust's portfolio increased by $102.2 million to $2,460.4 million during the half-year following capital expenditure of $22.1 million and revaluation gains of $78.5 million, after adjusting for the straight-lining of rent of $1.6 million, at 31 December 2019.

Capital Management

The Trust's debt facilities as at 31 December 2019 are summarised below.

	Limit ($m)	Amount drawn ($m)	Expiry date
Bank debt facilities			
Westpac Banking Corporation	135.0	69.1	30 April 2022
Commonwealth Bank of Australia	110.0	67.6	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	100.0	100.0	10 April 2026
	555.0	**446.7**	

During the period, the Trust extended the debt facility with the Commonwealth Bank of Australia for a further two years. The weighted average duration of the facilities at 31 December 2019 was 3.5 years (31 December 2018: 2.3 years).

Outlook

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2020. There are 45 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of the 2019/20 financial year. There are also 16 market rent reviews of Bunnings Warehouses in the process of being finalised.

The responsible entity will continue to look to acquire quality investment properties that are value accretive for the Trust, although prevailing market conditions will likely limit opportunities for growth. 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 after reconfiguring it. In some cases, the focus might be directed at rezoning 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.

The Trust could expect the distribution for the year ending 30 June 2020 to be one per cent higher than the ordinary distribution paid for the year ended 30 June 2019, a similar level of growth to the interim distribution. Capital profits will be utilised to support distributions as necessary.

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Managing Director
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