bwp TRUST

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8 February 2017

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 2016

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 2016; 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 2016, 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 **8 February 2017** 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 **47348686)**. 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 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET		6 months to 31 Dec 16	6 months to 31 Dec 15	Variance %
Revenue from ordinary activities	$000	**75,753**	74,653	1
Profit before gains on investment properties	$000	**55,459**	53,295	4
Gains in fair value of investment properties	$000	**17,901**	173,513	(90)
Profit from ordinary activities attributable to unitholders	$000	**73,360**	226,808	(68)
Net tangible assets per unit	$	**2.60**	2.52	3
DISTRIBUTIONS				
Interim distribution paid	$000	**55,438**	53,254	4
Interim distribution per unit	cents	**8.63**	8.29	4

Record date for determining entitlements to the final distribution	30 December 2016
Payment date for final distribution	24 February 2017

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 2016 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 3 January 2017 if they were to apply to the interim distribution for 2016/17. Forms received after that time will be effective for subsequent distributions only.

Units allocated under the DRP in respect of the interim distribution for 2016/17 will be allocated at $2.92 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 9 January 2017 to 6 February 2017.

Commentary on the results for the period

The commentary on the results for the period is contained in the ASX release dated 8 February 2017 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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8 February 2017

HALF-YEAR RESULTS TO 31 DECEMBER 2016

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 2016.

Half-year highlights

> Income of $75.8 million for the six months – up 1.5 per cent on the previous corresponding period

> Distributable profit of $55.5 million for the six months – up 4.1 per cent on the previous corresponding period

> Interim distribution of 8.63 cents per unit – up 4.1 per cent on the previous corresponding period

> Market rent reviews on four sites were completed during the six months – at a weighted average 5.5 per cent increase in annual rent

> Like-for-like rental growth of 2.4 per cent for the 12 months to 31 December 2016

> Cost of debt of 4.6 per cent as at 31 December 2016

> Weighted Average Lease Expiry of 5.5 years at 31 December 2016 with the properties 99.9 per cent leased

> Net Tangible Assets of $2.60 per unit at 31 December 2016

> Gearing (debt/total assets) 21.2 per cent at 31 December 2016

Results summary

Half-year ended 31 December		2016	2015
Total income	$m	75.8	74.7
Total expenses	$m	(20.3)	(21.4)
Profit before unrealised gains in fair value of investment properties	$m	55.5	53.3
Unrealised gains in fair value of investment properties	$m	17.9	173.5
Net profit	$m	73.4	226.8
Less: net unrealised gains in fair value of investment properties	$m	(17.9)	(173.5)
Distributable profit for period	$m	55.5	53.3
Distribution per ordinary unit	cents	8.63	8.29
Total assets	$m	2,218.7	2,179.8
Borrowings	$m	470.4	479.6
Unitholders' equity	$m	1,668.0	1,617.1
Gearing (debt to total assets)	%	21.2	22.0
Number of units on issue	m	642	642
Number of unitholders		23,613	24,675
Net tangible asset backing per unit	$	2.60	2.52
Unit price at 31 December	$	2.99	3.16
Management expense ratio (annualised)	%	0.62	0.66

Total income for the period was $75.8 million, an increase of 1.5 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 $11.3 million were 8.4 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 0.9 per cent lower than the previous corresponding period ($477.0 million compared with $481.2 million). The weighted average cost of debt for the half-year (finance costs as a percentage of average borrowings) was 4.69 per cent, compared to 5.08 per cent for the previous corresponding period. The lower cost of debt was the result of lower interest rates for both fixed and variable rates for the period. Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was slightly lower than for the previous corresponding period (86.0 per cent compared with 86.7 per cent).

Other operating expenses of $3.0 million were slightly lower than the previous corresponding period of $3.1 million.

At 31 December 2016, the Trust's total assets were $2,218.7 million, with unitholders' equity of $1,668.0 million and total liabilities of $550.7 million.

The underlying net tangible asset backing of the Trust's units increased by four cents per unit during the period, from $2.56 per unit at 30 June 2016, to $2.60 per unit at 31 December 2016. This increase was largely due to the result of the net unrealised gains on revaluation of investment properties (refer to the Revaluations section).

For the half-year the Trust reported a distributable profit of $55.5 million, an increase of 4.1 per cent on the previous corresponding period, primarily due to lower borrowing costs and increased property revenue from rental increases during the period.

An interim distribution of 8.63 cents per ordinary unit has been declared. This is 4.1 per cent higher than the previous corresponding period (8.29 cents per unit), reflecting the increase in the distributable profit over the previous corresponding period.

The interim distribution will be made on 24 February 2017 to unitholders on the Trust's register at 5:00 pm on 30 December 2016.

Units issued under the Trust's distribution reinvestment plan ("DRP") in respect of the interim distribution will be issued at $2.92 per unit, representing the average of the daily volume weighted average price of the Trust's units for the 20 trading days from and including 9 January 2017 to 6 February 2017, without the application of a discount.

Capital Expenditure
Total capital expenditure on the portfolio during the half-year amounted to $1.1 million, comprising minor works at various properties.

Divestments
The Trust divested the Geraldton Showrooms property in Western Australia, to an unrelated third party, for $3.3 million in August 2016.

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.

Occupancy and Average Lease Expiry
At 31 December 2016, the portfolio was 99.9 per cent leased with a weighted average lease expiry term of 5.5 years (30 June 2016: 5.9 years, 31 December 2015: 6.4 years).

On 24 August 2016, Woolworths Limited ("Woolworths") announced the sale of the Masters Home Improvement ("Masters") store property portfolio (40 freehold trading sites, 21 leasehold trading sites and 21 freehold development sites) to Home Consortium ("Home"), subject to certain conditions being satisfied, including obtaining the consent of Woolworth's joint venture partner Lowe's Companies, Inc ("Lowe's").

On the same day Wesfarmers Limited ("Wesfarmers") announced that Bunnings Group Limited ("Bunnings") had entered into a transaction with Home (subject to the Woolworths/ Lowe's/ Home transaction proceeding) to occupy 15 ex-Masters sites (comprising six freehold trading locations, two freehold development sites and seven leasehold trading locations).

On 26 August 2016, BWP announced that Bunnings had advised its intention to vacate up to seven existing Bunnings Warehouse properties owned by BWP, subject to finalisation of arrangements between Home/ Woolworths and Lowe's, and some third party landlords, for the occupation of the ex-Masters sites to replace each of the BWP impacted stores. Five of the impacted properties are as follows;

Property	Lease expiry[1]	Proposed alternative use
Dandenong	Nov 2017	Neighbourhood shopping centre development
Oakleigh South	Mar 2018	Large format retail, long term residential mixed use development
Mandurah	Nov 2018	Large format retail
Morley	Jul 2020	Large format retail, short/medium term residential mixed use development
Hoxton Park	Oct 2020	Large format retail

[1] To the end of the current lease term

Two additional sites are still subject to confidentiality. The lease expiry for those sites is late 2017 and early 2021 respectively.

At this point in time the Home transaction has not been finalised. As such, Bunnings has not vacated any of the properties, and there is no certainty of timing as to when the proposed transaction will be completed.

The Trust is undertaking detailed work on each site to assess the best alternative use; to ensure the zoning is appropriate; and; is engaging with potential tenants, to ensure the best outcome is obtained for each of the properties.

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
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 53 leases was 1.9 per cent.

Market Rent Reviews
During the period, market rent reviews were concluded on the Bunnings Warehouses at Belmont North, New South Wales, Midland, Western Australia, Mindarie, Western Australia and Frankston, Victoria. The market rent reviews for the Belmont North, Midland and Mindarie Bunnings Warehouses, were determined by an independent valuer and the market rent review at Frankston was agreed with Bunnings. Market rent reviews for two Trust-owned Bunnings Warehouses due during the period remain unresolved. The market rent reviews completed during the half-year are shown in the following table.

Property location	Customer	Passing rent ($ pa)	Market review ($ pa)	Uplift (%)	Effective date
Belmont North, NSW[1]	Bunnings	945,629	1,145,000	19.9	5 Mar 16
Frankston, VIC	Bunnings	2,043,580	2,043,580	0.0	20 Dec 16
Midland, WA	Bunnings	1,635,825	1,785,765	9.2	5 Sep 16
Mindarie, WA	Bunnings	1,635,825	1,639,695	0.2	5 Sep 16
Weighted Average				**5.5**	

[1] The market rent review was due during the year ended 30 June 2016, but was determined in the current financial year.

Revaluations
During the half-year, the Trust's entire investment property portfolio was revalued. Property revaluations were performed by independent valuers for 23 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 2016 was 6.77 per cent (30 June 2016: 6.77 per cent; December 2015: 6.81 per cent). The value of the Trust's portfolio increased by $15.8 million to $2,199.9 million during the half-year following: capital expenditure of $1.1 million; net proceeds from the sale of the Geraldton Showrooms property of $3.2 million; and, a net revaluation gain of $17.9 million at 31 December 2016.

Capital Management
The Trust's debt facilities as at 31 December 2016 are summarised below.

	Limit ($m)	Amount drawn ($m)	Expiry date
Bank debt facilities			
Australia and New Zealand Banking Group Limited	110.0	78.0	1 July 2018
Commonwealth Bank of Australia	110.0	83.4	31 July 2020
Westpac Banking Corporation	135.0	108.8	30 April 2020
Corporate bonds			
Fixed term five-year corporate bond	200.0	200.0	27 May 2019
	555.0	**470.2**	

Outlook
Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2017. There are 45 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of 2016/17. There are also four market rent reviews of Bunnings Warehouses to be completed by the end of this financial year.

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.

On the basis of further expected rental growth from the existing portfolio, after taking into account the likelihood of low inflation in the near term, the Trust could expect distribution per unit growth of about three per cent for the financial year ending 30 June 2017, in line with the outlook provided in August 2016.

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(An investor briefing presentation will be released separately.)