bwp TRUST

Level 6, 40 The Esplanade
Perth WA 6000

GPO Box M978
Perth WA 6843

T +61 (8) 9327 4356
F +61 (8) 9327 4344
www.bwptrust.com.au

11 February 2015

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

BWP Trust results for the half year ended 31 December 2014

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 2014; 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 2014, 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 will be held at 12.00pm AWST (3.00pm EDST) today.

Investors and analysts wishing to participate should dial **1800 725 000** from within Australia (+612 8373 3610 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **68982319**). This briefing is recorded and made available via our website

Yours faithfully

K A Lange
Company Secretary

BWP TRUST

ARSN 088 581 097

APPENDIX 4D – HALF-YEAR REPORT

Financial half-year ended 31 December 2014

Results for announcement to the market

		6 months to 31 Dec 14	6 months to 31 Dec 13	Variance (%)
Revenue from ordinary activities	($000)	71,180	59,756	19.1
Net profit before unrealised items	($000)	49,121	42,862	14.6
Unrealised items – gains in fair value of investment properties	($000)	68,203	23,835	186.1
Net profit from ordinary activities attributable to unitholders	($000)	117,324	66,697	75.9
Net tangible assets per unit	($)	2.18	2.02	8.0

Commentary on the results for the period

The commentary on the results for the period ended 31 December 2014 is contained in the ASX release dated 11 February 2015 accompanying this statement.

		6 months to 31 Dec 14	6 months to 31 Dec 13	Variance (%)
Distributions				
Interim distribution payable	($000)	49,066	42,835	14.5
Interim distribution per unit	cents	7.67	6.83	12.3

Record date for determining entitlements to the interim distribution	31 December 2014
Payment date for interim distribution	26 February 2015

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

The Distribution Reinvestment Plan ("DRP") was in effect for the half-year ended 31 December 2014 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 2015 if they were to apply to the interim distribution for 2014/15. Forms received after that time will be effective for subsequent distributions only.

Units issued under the DRP in respect of the interim distribution for 2014/15 will be issued at $2.8137 per unit, representing no discount to the volume weighted average unit price for the 10 trading days following the record date. Upon issuance, these units rank equally with all other units on issue.

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

bwp TRUST

Level 6, 40 The Esplanade
Perth WA 6000

GPO Box M978
Perth WA 6843

T +61 8 9327 4356
F +61 8 9327 4344
www.bwptrust.com.au

ASX release

11 February 2015

HALF-YEAR RESULTS TO 31 DECEMBER 2014

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 2014.

Half-year highlights

> Income of $71.2 million for the six months – up 19.1 per cent on the previous corresponding period
> Distributable profit of $49.1 million for the six months – up 14.6 per cent on the previous corresponding period
> Interim distribution of 7.67 cents per unit – up 12.3 per cent on the previous corresponding period
> Completed the development of three Bunnings Warehouse stores at Manly West, West Ipswich and Brendale in Queensland
> Agreed to acquire from Bunnings, a Bunnings Warehouse development site in Australind in Western Australia, and to upgrade the Lismore Bunnings Warehouse store in New South Wales
> Market rent reviews on 13 tenancies were completed during the six months – at a weighted average 8.8 per cent increase in annual rent; this included market rent reviews concluded on 12 Bunnings Warehouses during the period (nine of which were due in the previous financial year) – at a weighted average 8.6 per cent increase in annual rent
> Like-for-like rental growth of 2.7 per cent for the 12 months to 31 December 2014, compared to 3.8 per cent for the previous year
> Repriced existing bank facilities and reduced unused facilities by $45 million, resulting in a weighted average cost of debt of 5.79 per cent for the six month period – down from 6.65 per cent in the previous corresponding period
> Weighted Average Lease Expiry of 6.8 years at 31 December 2014 (30 June 2014: 6.9 years), with 99.4 per cent occupancy
> Net revaluation gain on the property investment portfolio of $68.2 million
> Net Tangible Assets of $2.18 per unit at 31 December 2014 (30 June 2014: $2.07)
> Gearing (debt/total assets) 23.4 per cent at 31 December 2014 (30 June 2014: 24.4 per cent)

Results summary

Half-year ended 31 December		**2014**	2013
Total income	$m	**71.2**	59.8
Net profit	$m	**117.3**	66.7
Less: net unrealised gains in fair value of investment properties	$m	**(68.2)**	(23.8)
Distributable profit for the period	$m	**49.1**	42.9
Distribution per ordinary unit	cents	**7.67**	6.83
Total assets	$m	**1,926.0**	1,658.8
Borrowings	$m	**451.2**	327.7
Unitholders' equity	$m	**1,392.2**	1,263.9
Gearing (debt to total assets)	%	**23.4**	19.8
Number of units on issue	m	**640**	627
Number of unitholders		**23,974**	22,072
Net tangible asset backing per unit	$	**2.18**	2.02
Unit price at 31 December	$	**2.79**	2.19
Management expense ratio (annualised)	%	**0.63**	0.66

Total income for the period was $71.2 million, an increase of 19.1 per cent over the previous corresponding period. The increase in income was due to growth of the property portfolio, mainly from net acquisitions and improvements to investment properties (collectively adding approximately $9.7 million), and rent reviews (adding approximately $1.9 million).

Finance costs of $13.3 million were 40.2 per cent higher than the previous corresponding six months, due to higher borrowing levels, partially offset by a lower weighted average cost of debt. The average level of borrowings was 64.8 per cent higher than the previous corresponding period ($451.6 million compared with $274.1 million). The weighted average cost of debt for the half-year (finance costs less finance income as a percentage of average borrowings) was 5.79 per cent, compared to 6.65 per cent for the previous corresponding period. The lower cost of debt was the result of higher utilisation of debt facilities and reductions in the rate of bank fees and margins during or since the previous corresponding period. Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was higher than for the previous corresponding period (75.3 per cent compared with 63.7 per cent).

Other operating expenses of $3.3 million were in line with the previous corresponding period.

The underlying net tangible asset backing of the Trust's units increased by 11 cents per unit during the period, from $2.07 per unit at 30 June 2014, to $2.18 per unit at 31 December 2014. This increase was the result of the net unrealised gains on revaluation of investment properties, and capital expenditure incurred during the period.

Capital expenditure

Total capital expenditure on the portfolio during the half-year amounted to $59.2 million, comprising the items outlined below:

Developments	State	$m
Manly West	QLD	21.3
West Ipswich	QLD	17.9
Brendale	QLD	19.2
Harrisdale showrooms[1]	WA	0.4
Other expenditure		
Non-income producing		0.4
Total capital expenditure		**59.2**

[1] Development of additional showrooms.

New capital commitments

In November 2014, the Trust committed to expand its Lismore Bunnings Warehouse, New South Wales, at a cost of $4.6 million. The annual rental will increase by approximately $0.3 million.

Also in November 2014, the Trust committed to acquire a Bunnings Warehouse development site in Australind, Western Australia for a purchase price of $8.3 million (plus acquisition costs of approximately $0.5 million). Settlement of the property is expected to occur in April 2015, following subdivision and the issue of the certificate of title. The development is expected to be completed by 30 June 2015 at a cost of $9.6 million. The commencing annual rental income of the property will be approximately $1.3 million.

Occupancy and average lease expiry

At 31 December 2014, the portfolio was 99.4 per cent occupied with a weighted average lease expiry term of 6.8 years (30 June 2014: 6.9 years, 31 December 2013: 7.0 years).

Rent reviews

Fifty two 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 52 leases was 3.0 per cent.

During the period, market rent reviews were concluded on 12 Bunnings Warehouses, and the showroom occupied by Pets West Online at Gladstone, Queensland, at a weighted average 8.8 per cent increase in annual rent.

Market rent reviews for three Trust-owned Bunnings Warehouses, due during the year ended 30 June 2014, are being determined by an independent valuer and remain unresolved as at 31 December 2014. Market rent reviews for three Trust-owned Bunnings Warehouses due during the period are still being negotiated.

Twenty eight market rent reviews were finalised during the last 12 months (13 since 30 June 2014), of which 19 related to the 2013 calendar year, collectively resulting in an average increase of 5.5 per cent.

Excluding rental income from properties acquired or expanded during or since the previous corresponding period, rental income increased by approximately 2.7 per cent for the 12 months to 31 December 2014 (compared to 3.8 per cent for the 12 months to 31 December 2013). The result for the previous corresponding period was disclosed as a 2.8 per cent increase and this has been updated following the finalisation of 19 market rent reviews during the 12 month period to 31 December 2013. The six unresolved market reviews at 31 December 2014 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 12 properties during the period. The remaining 71 properties were subject to directors' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2014 was 7.41 per cent (30 June 2014: 7.59 per cent; December 2013: 7.71 per cent).

The value of the portfolio increased by $81.1 million to $1,900.1 million during the half-year, following capital expenditure of $59.2 million, the sale of four properties for net sale proceeds of $46.3 million and a net revaluation gain of $68.2 million at 31 December 2014. The net revaluation gain was due to growth in rental income and an average decrease in capitalisation rates across the portfolio during the half-year.

Capital management

Bank facilities were re-priced during the period (or subsequently), and unused facilities reduced by $45 million, resulting in a weighted average cost of debt of 5.79 per cent for the six month period – down from 6.65 per cent in the previous corresponding period.

The weighted average duration of the facilities at 31 December 2014 was 3.3 years.

The Trust's gearing ratio (debt to total assets) at 31 December 2014 was 23.4 per cent (30 June 2014: 24.4 per cent, December 2013: 19.8 per cent) which is in the Board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities as a percentage of total assets) was 24.1 per cent (30 June 2014: 25.0 per cent, December 2013: 20.4 per cent), well below the 45 per cent maximum allowable under banking facilities.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements, to ensure stability of distributions. At 31 December 2014, the Trust's interest rate hedging cover was 90.8 per cent of gross borrowings (excluding accrued interest and borrowing costs), with $210.0 million interest rate swaps and the $200.0 million fixed rate corporate bond against gross borrowings of $451.5 million. The weighted average term to maturity of hedging was 3.25 years (30 June 2014: 3.75 years, December 2013: 3.32 years) including delayed start swaps.

The Trust's distribution reinvestment plan was active for the interim distribution and applied to approximately 15.3 per cent of issued units.

Interim distribution

For the half-year the Trust reported a distributable profit of $49.1 million, an increase of 14.6 per cent on the previous corresponding period, primarily due to increased property revenue from completed development properties acquired in September 2013, and a lower average cost of debt.

An interim distribution of 7.67 cents per ordinary unit has been declared. This is 12.3 per cent higher than the previous corresponding period (6.83 cents per unit), reflecting the increase in property income over the previous corresponding period, and the dilutive impact on the prior corresponding distribution, of the equity raising part way through that period.

There were approximately 2.0 per cent more units on issue at 31 December 2014 than at 31 December 2013.

The interim distribution will be made on 26 February 2015 to unitholders on the Trust's register at 5:00 pm on 31 December 2014.

Units issued under the Trust's distribution reinvestment plan ("DRP") in respect of the interim distribution will be issued at $2.8137 per unit, representing the volume weighted average price of the Trust's units for the 10 trading days following the record date, without the application of a discount.

Outlook

Property income for the second half of 2014/15 will include a full six months' rental income from the three Bunnings Warehouse developments completed during the first half of 2014/15.

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2015. There are 43 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of 2014/15. There are also 10 market rent reviews of Bunnings Warehouses, of which three relate to the year ending 30 June 2014, to be completed by the end of this financial year.

The second half distribution is expected to be approximately 8.1 cents per unit, depending on rent review outcomes for the balance of the financial year.

As a result of more competitively priced debt funding and increased utilisation of existing facilities, the Trust's average cost of debt (being the net finance costs, including interest and bank fees and margins, as a percentage of average borrowings) should reduce further to approximately 5.4 per cent for the six months ending 30 June 2015 on the basis of interest rates remaining at around current levels.

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 further information please contact:

Michael Wedgwood
Managing Director
BWP Management Limited

Telephone: +61 8 9327 4356
E-mail: mwedgwood@bwptrust.com.au
Website: bwptrust.com.au

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **Wednesday 11 February 2015** at **12:00pm AWST** (3:00pm EDST).

Dial **1800 725 000** from within Australia (+612 8373 3610 from outside Australia) and ask to join the **BWP Trust Half-Year Results Investor Presentation** (conference ID number **68982319**).

(An investor briefing presentation will be released separately.)