

8 February 2023

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 2022

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 2022; 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 2022, 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 2023** at **8:00am AWST** (11:00am EDST).

The briefing will be webcast live and accessible via our website at www.bwptrust.com.au. If you wish to join the telephone conference call only, please email investorrelations@bwptrust.com.au for pre-registration details.

Yours faithfully

A handwritten signature in black ink, appearing to read "Karen Lange".

Karen Lange
Company Secretary

This announcement was authorised to be given to the ASX by the Company Secretary of BWP Management Limited.

ASX release

8 February 2023
APPENDIX 4D
FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2022

		6 months to 31 Dec 2022	6 months to 31 Dec 2021	Variance %
Results for announcement to the Market				
Revenue from ordinary activities	\$000	78,625	75,864	4
Profit before gains on investment properties	\$000	57,367	56,479	2
Gains in fair value of investment properties	\$000	53,937	291,803	(82)
Profit from ordinary activities attributable to unitholders	\$000	111,304	348,282	(68)
Net tangible assets per unit	\$	3.95	3.75	5
DISTRIBUTIONS				
Interim distribution paid	\$000	57,943	57,943	-
Interim distribution per unit	cents	9.02	9.02	-

Record date for determining entitlements to the final distribution 30 December 2022

Payment date for the final distribution 24 February 2023

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 2022 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 2023 if they were to apply to the interim distribution for 2022/23. 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 2022/23 is \$3.93 per unit. The allocation price was calculated as the average of the daily volume weighted average unit price for the 20 consecutive trading days from and including 5 January 2023 to 2 February 2023, with no discount to be applied.

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 8 February 2023 accompanying this statement.

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This report should be read in conjunction with the annual financial report of the Trust and any announcements made in 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

8 February 2023

HALF-YEAR RESULTS TO 31 DECEMBER 2022

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 2022.

Half-year highlights

- > Net profit for the period was \$111.3 million, which included \$53.9 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 3.9 per cent for the 12 months to 31 December 2022
- > Weighted average lease expiry of 3.6 years at 31 December 2022 with 97.5 per cent leased
- > Gearing (debt/total assets) 15.3 per cent as at 31 December 2022
- > Weighted average cost of debt of 3.3 per cent per annum for the six month period
- > \$3.1 billion portfolio valuation as at 31 December 2022
- > Net tangible assets of \$3.95 per unit at 31 December 2022



Results summary

Half-year ended 31 December		2022	2021
Total income	\$m	78.6	75.9
Total expenses	\$m	(21.2)	(19.4)
Profit before gains in fair value of investment properties	\$m	57.4	56.5
Gains in fair value of investment properties	\$m	53.9	291.8
Net profit	\$m	111.3	348.3
<i>Less:</i> gains in fair value of investment properties	\$m	(53.9)	(291.8)
Amounts released from undistributed income reserve	\$m	0.6	1.5
Distributable amount for period	\$m	57.9	57.9
Distribution per ordinary unit	cents	9.02	9.02
Total assets	\$m	3,091.0	2,939.6
Borrowings	\$m	472.1	455.5
Unitholders' equity	\$m	2,539.7	2,407.4
Gearing (debt to total assets)	%	15.3	15.5
Number of units on issue	m	642	642
Number of unitholders		23,770	24,237
Net tangible asset backing per unit	\$	3.95	3.75
Unit price at 31 December	\$	3.91	4.15
Management expense ratio ¹ (annualised)	%	0.64	0.63

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 \$111.3 million, including \$53.9 million of unrealised gains in the fair value of investment properties. This compares with net profit for the previous corresponding period of \$348.3 million which included unrealised gains of \$291.8 million in the fair value of investment properties.

Total income for the period was \$78.6 million, an increase of 3.6 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 \$7.8 million were 4.0 per cent higher than the previous corresponding period, due to the weighted average cost of debt increasing from 3.2 per cent to 3.3 per cent due to higher interest rates. The average level of borrowings increased slightly from the previous corresponding period (\$473.6 million compared with \$466.2 million). Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was also slightly higher than the previous corresponding period (78.3 per cent compared with 77.1 per cent).



Other operating expenses increased from \$4.3 million in the previous corresponding period to \$4.5 million in the current period, mainly due to increases in costs, and higher insurance premiums.

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 \$0.6 million (31 December 2021: \$1.5 million).

At 31 December 2022, the Trust's total assets were \$3.1 billion, with unitholders' equity of \$2.5 billion and total liabilities of \$0.6 billion.

The underlying net tangible asset backing of the Trust's units increased by eight cents per unit during the period, from \$3.87 per unit at 30 June 2022, to \$3.95 per unit at 31 December 2022. This increase was largely due to the net unrealised gains on revaluation of investment properties.

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 24 February 2023 to unitholders on the Trust's register at 5:00 pm AWST on 31 December 2022.

Capital Expenditure

Capital expenditure of \$3.7 million was incurred during the period. This comprised costs associated with redeveloping vacant properties together with minor works at various properties (31 December 2021: \$2.3 million).

Acquisitions and Divestments

In November 2022, the Trust acquired from Bunnings for \$1.5 million (excluding acquisition costs) a site adjoining the Trust's Bunnings Warehouse in Lismore, New South Wales. The 1.8 hectare site was purchased to allow for the expansion of the adjoining Bunnings Warehouse.

As a result of cost escalations across the construction industry, the Trust has agreed to increase its commitment to expand the Bunnings Warehouse at Lismore from \$11.3 million to \$12.5 million.

The Trust did not divest any properties during the period, but is in the process of selling a small parcel of vacant land in Albany.

Related Party Capital Commitments

In addition to previously announced capital commitments, the Trust has the following new capital commitment for the six months ended 31 December 2022.

Commitment to expansion of Bunnings Warehouse, Dubbo, New South Wales

In August 2022, the Trust committed to acquire from Bunnings adjoining land for \$0.4 million and expand its Dubbo Bunnings Warehouse, New South Wales at a cost of \$13.6 million. The annual rental will increase by approximately \$0.5 million. Following completion of the expansion expected in mid-2024, the parties will enter into a new 10-year lease with six, five-year options, exercisable by Bunnings.

The annual rent will increase by CPI capped at 2.5 per cent. At the end of the initial term the rent is subject to a market rent review and every 10 years thereafter. 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 ("10 per cent cap"), and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent ("10 per cent collar").

Occupancy and Average Lease Expiry

At 31 December 2022, the portfolio was 97.5 per cent leased with a weighted average lease expiry term of 3.6 years (30 June 2022: 3.9 years, 31 December 2021: 4.3 years).



Rent Reviews

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

Annual Escalations

Fifty 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 23 CPI reviews was 6.1 percent and the 27 fixed reviews was 3.0 per cent.

Market Rent Reviews

The market rent reviews that were due for one Bunnings Warehouse during the year ended 30 June 2021 and three that were due during the year ended 30 June 2022 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
Hawthorn, VIC ^{1,2}	3,380,642	3,325,207	(1.6)	29-Oct-20
Coburg, VIC ^{1,3}	1,706,685	1,877,353	10.0	3-Nov-20
Pakenham, VIC ^{1,4}	1,402,631	1,542,894	10.0	31-Mar-21
Wagga Wagga, NSW ^{1,5}	1,565,728	1,565,728	-	31-Mar-21
Dubbo, NSW ^{5,6}	1,402,631	1,262,368	(10.0)	4-Aug-21
Geraldton, WA ^{5,6}	1,350,262	1,309,754	(3.0)	10-Dec-21
Greenacre, NSW ^{5,6}	2,955,032	2,870,000	(2.9)	3-Apr-22
Total/ Weighted average	13,763,611	13,753,304	(0.1)	

¹ The market rent review was due during the year ended 30 June 2021, 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 determined by an independent valuer. The independently determined rent was 13.4 per cent above the passing rent however, the market rent review clause in the lease has a 10.0 per cent cap on the increase.

⁴ The market rent review was determined by an independent valuer. The independently determined rent was 21.6 per cent above the passing rent however, the market rent review clause in the lease has a 10.0 per cent cap on the increase.

⁵ The market rent review was agreed between the parties.

⁶ The market rent review was due during the year ended 30 June 2022, 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 3.9 per cent for the 12 months to 31 December 2022 (compared to 2.1 per cent for the 12 months to 31 December 2021 which was previously disclosed as a 2.2 per cent increase, but was updated following the finalisation of the four market rent reviews related to that period).

The unresolved market reviews at 31 December 2022 are not included in the calculation of like-for-like rental growth.

Revaluations

During the half-year, the Trust's entire investment property portfolio was revalued. Property revaluations were performed by independent valuers for 16 properties. The remaining 57 properties were subject to directors' valuations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2022 was 5.05 per cent (30 June 2022: 5.04 per cent; 31 December 2021: 5.11 per cent).

The value of the Trust's portfolio increased by \$57.0 million to \$3,058.2 million during the half-year largely due to revaluation gains of \$53.9 million.



Capital Management

The Trust's debt facilities as at 31 December 2022 are summarised below:

	Limit (\$m)	Amount drawn (\$m)	Expiry date
Bank debt facilities			
Westpac Banking Corporation	135.0	54.3	30 April 2026
Commonwealth Bank of Australia	110.0	55.1	31 July 2025
Sumitomo Mitsui Banking Corporation	110.0	110.0	15 March 2027
Corporate bonds			
Fixed term seven-year corporate bonds	150.0	150.0	10 April 2026
Fixed term seven-year corporate bonds	100.0	100.0	24 March 2028
	605.0	469.4	

The weighted average duration of the facilities as at 31 December 2022 was 3.7 years (31 December 2021: 2.3 years). The Trust's gearing ratio (debt to total assets) at 31 December 2022 was 15.3 per cent (30 June 2022: 15.1 per cent, 31 December 2021: 15.5 per cent) which is below the Board's preferred range of 20 to 30 per cent. The lower gearing provides flexibility for the Trust to take advantage of investment opportunities to create long-term value when they arise.

Outlook

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2023. There are 45 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of the 2022/23 financial year. There are also four market rent reviews of Bunnings Warehouses that remain unresolved and are in the process of being finalised.

The primary focus for the remainder of the financial year is on filling any vacancies in the portfolio, progressing store upgrades, re-zonings and extending Bunnings leases through the exercise of options. The Trust will continue to look for opportunities to acquire assets where there is good potential for value creation.

Subject to there being no major disruption of the Australian economy, the Trust could expect the distribution for the year ending 30 June 2023 to be similar to the ordinary distribution paid for the year ended 30 June 2022. Capital profits may be utilised to support the distribution.

Michael Wedgwood

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