

Half-Year Report

2015/16

Six months to
31 December 2015



CONTENTS

OVERVIEW

Half-year summary 2

BUSINESS REVIEW

Financial & market performance 3

Our property portfolio 4

Report to unitholders 8

FINANCIAL REPORT

Financial statements 15

UNITHOLDER INFORMATION

Directory 32

Investor information 33

BWP TRUST
ARSN 088 581 097

RESPONSIBLE ENTITY
BWP Management Limited
ABN 26 082 856 424

AUSTRALIAN FINANCIAL SERVICES LICENCE
No. 247830

bwptrust.com.au

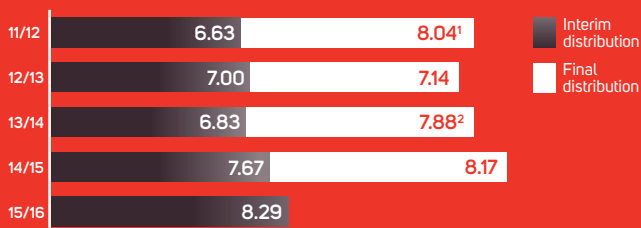


BWP Trust aims to provide a premium commercial real estate investment product, delivering unitholders a secure and growing income stream and long-term capital growth, through strong alignment with, and by supporting the ongoing property needs of its customers.

HALF-YEAR SUMMARY

- > Income of \$74.7 million for the six months – up 4.9 per cent on the previous corresponding period
- > Distributable profit of \$53.3 million for the six months – up 8.5 per cent on the previous corresponding period
- > Interim distribution of 8.29 cents per unit – up 8.1 per cent on the previous corresponding period
- > Completed the expansion of Bunnings Warehouse stores at Lismore, New South Wales and Rockingham, Western Australia
- > Assigned Joondalup lease to Automotive Holdings Group
- > Market rent reviews on nine tenancies were completed during the six months – at a weighted average 5.4 per cent increase in annual rent
- > Like-for-like rental growth of 2.5 per cent for the 12 months to 31 December 2015
- > Weighted average cost of debt of 5.06 per cent for the six month period – down from 5.79 per cent in the previous corresponding period
- > Weighted Average Lease Expiry of 6.4 years at 31 December 2015 with 100 per cent occupancy
- > 8.7 per cent net revaluation gain on the property investment portfolio of \$173.5 million
- > Net Tangible Assets of \$2.52 per unit at 31 December 2015
- > Gearing (debt/total assets) 22.0 per cent at 31 December 2015

DISTRIBUTION PER UNIT (CENTS)



- 1 FY11/12 final distribution includes a distribution of capital profits of 1.17 cents per unit, resulting from the sale of an investment property.
- 2 FY13/14 final distribution includes a partial distribution of capital profits of 0.13 cents per unit, resulting from the sale of investment properties.



FINANCIAL & MARKET PERFORMANCE

FINANCIAL PERFORMANCE

Half-year ended 31 December		2015	2014
Total income	\$m	74.7	71.2
Net profit	\$m	226.8	117.3
Less: net unrealised gains in fair value of investment properties	\$m	(173.5)	(68.2)
Distributable profit for the period	\$m	53.3	49.1
Distribution per ordinary unit	cents	8.29	7.67
Total assets	\$m	2,179.8	1,926.0
Borrowings	\$m	479.6	451.2
Unitholders' equity	\$m	1,617.1	1,392.2
Gearing (debt to total assets)	%	22.0	23.4
Number of units on issue	m	642	640
Number of unitholders		24,675	23,974
Net tangible asset backing per unit	\$	2.52	2.18
Unit price at 31 December	\$	3.16	2.79
Management expense ratio (annualised)	%	0.66	0.63

MARKET PERFORMANCE

BWP Trust ("the Trust") generated a 5.9 per cent total return for the six months to 31 December 2015, compared with 7.1 per cent for the benchmark S&P/ASX 200 Property Accumulation Index (source: UBS Australia).

Comparative returns over one, three, five and ten year periods, are shown in the following table:

Total returns¹ compared to market (source: UBS Australia)

Periods ended 31 Dec 2015	1 year (%)	3 years (%) ²	5 years (%) ²	10 years (%) ²
BWP	19.2	20.3	20.2	12.3
S&P / ASX 200 Property Accumulation Index	14.3	15.9	15.3	2.2
ASX All Ordinaries Accumulation Index	3.8	9.3	6.5	5.7

¹ Total returns include movement in security price and distributions (which are assumed to be reinvested).

² Annual compound returns.

OUR PROPERTY PORTFOLIO

PORTFOLIO SUMMARY

As at 31 December 2015	Gross lettable area ¹ sqm	Annual rental ² \$000	Valuation \$000
Western Australia			
Albany ³	13,660	861	13,800
Australind	13,475	1,250	19,200
Balcatta	25,439	2,269	36,300
Belmont	10,381	1,407	20,800
Bibra Lake	13,977	1,672	22,300
Cockburn	12,839	1,576	23,300
Ellenbrook	15,337	1,819	29,100
Geraldton	17,874	1,319	17,600
Geraldton Showrooms	1,511	243	3,300
Harrisdale	17,124	2,181	30,100
Joondalup	13,358	1,480	17,900
Mandurah	12,097	1,540	21,200
Midland	13,694	1,636	24,200
Mindarie	14,479	1,636	22,200
Morley	9,852	1,425	19,700
Port Kennedy	11,675	1,480	20,400
Rockingham	17,179	2,024	32,400
Total – WA	233,951	25,818	373,800
Victoria			
Altona ⁴	9,254	1,173	16,357
Bayswater	17,677	2,325	33,400
Broadmeadows	12,765	1,796	26,600
Caroline Springs	14,319	1,632	24,200
Coburg	24,728	4,795	63,200
Craigieburn	16,764	1,530	22,700
Croydon	13,292	1,869	31,000
Dandenong	12,313	1,595	19,300
Epping	12,027	1,256	14,000
Fountain Gate	12,624	1,469	22,600
Frankston	13,843	2,044	30,300
Hawthorn	7,462	3,140	44,900
Maribyrnong	17,550	2,540	42,300
Mentone	11,814	1,608	22,200
Mornington	13,324	1,675	24,800
Northland	14,460	1,877	27,800
Nunawading ⁵	14,766	2,338	40,587
Oakleigh South	16,949	1,930	22,700
Pakenham	14,867	1,838	25,100
Port Melbourne	13,846	2,003	32,400
Scoresby	12,515	1,857	27,500
Springvale	13,458	1,963	32,700
Sunbury	15,185	1,711	27,400
Vermont South	16,634	2,167	32,100
Total – VIC	342,436	48,131	706,144
Australian Capital Territory			
Fyshwick ⁶	6,648	1,216	19,100
Tuggeranong	11,857	1,791	27,600
Total – ACT	18,505	3,007	46,700
South Australia			
Mile End	14,888	2,340	39,000
Noarlunga	15,054	1,505	19,400
Total – SA	29,942	3,845	58,400

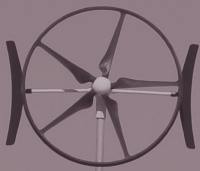


As at 31 December 2015	Gross lettable area ¹ sqm	Annual rental ² \$000	Valuation \$000
New South Wales			
Artarmon	5,746	1,647	25,300
Belmont North	12,640	955	15,700
Belrose	8,888	2,039	31,400
Blacktown (Blackwoods)	8,346	720	7,200
Dubbo	16,344	1,483	19,400
Greenacre	14,149	2,475	38,100
Hoxton Park	26,508	3,568	47,200
Lismore	10,076	1,261	19,400
Maitland	12,797	1,379	16,900
Minchinbury	16,869	2,710	45,800
Port Macquarie	8,801	1,004	12,100
Rydalmere	16,645	2,894	48,200
Thornleigh	5,301	1,349	18,600
Villawood	10,886	1,639	21,100
Wagga Wagga	13,774	1,351	18,600
Wallsend	16,863	1,915	30,600
Wollongong	10,811	1,419	17,700
Total – NSW	215,444	29,808	433,300
Queensland			
Arundel	15,588	2,249	34,700
Bethania	13,494	1,829	27,900
Brendale	15,029	1,934	32,200
Browns Plains	18,398	2,974	35,000
Burleigh Heads	12,428	1,723	17,500
Cairns	12,917	1,274	11,000
Cannon Hill	16,556	2,424	37,100
Fairfield Waters	13,645	1,564	22,600
Gladstone	21,511	3,113	34,000
Hervey Bay	11,824	1,236	14,800
Manly West	13,021	2,112	33,900
Morayfield	12,507	1,770	26,200
Mount Gravatt	11,824	1,163	15,000
North Lakes	18,861	2,567	40,600
Rocklea	14,403	2,067	32,100
Smithfield	13,094	1,463	20,200
Southport	12,431	1,723	24,300
Townsville North	14,038	1,639	25,300
Underwood	12,245	1,597	20,000
West Ipswich	14,977	2,343	37,800
Total – QLD	288,791	38,764	542,200
Grand Total	1,129,069	149,373	2,160,544

Note: Totals and Grand Total adjusted for rounding

- ¹ For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse.
- ² Annual rental figures do not include access fees detailed below.
- ³ Includes adjoining land (1.2 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$211,882 per annum.
- ⁴ Includes additional land (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$221,636 per annum.
- ⁵ Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,935 per annum.
- ⁶ Includes adjoining property (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum.





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REPORT TO UNITHOLDERS

The directors of BWP Management Limited, the responsible entity for the BWP Trust, are pleased to present this interim report to unitholders covering the financial results and activities of the Trust for the six months to 31 December 2015.

Activities during the period included: the completion of Bunnings Warehouse expansions in Rockingham, Western Australia and Lismore, New South Wales; the completion of nine market rent reviews; and the revaluation of the fair value of the property investment portfolio.

John Atkins resigned from the Board in August 2015, to take up the position of Agent General for Western Australia in London. The Board thanks him for his valuable contribution to the governance of the Trust while he was a director.

John Austin retired from the Board in December 2015, having served as a director since 2004, and as Chairman since 2007. The Board acknowledges his excellent contribution to, and leadership of the Board, during which time the Trust's market capitalisation grew from \$500 million to \$2.0 billion, the number of unitholders doubled, and the portfolio of properties increased from 49 to 82.

Erich Fraunschiel was appointed Chairman of the Board upon Mr Austin's retirement.

FINANCIAL RESULTS

Financial performance

Total income for the period was \$74.7 million, a 4.9 per cent increase over the previous corresponding period. The increase in income was mainly due to rental growth from the existing property portfolio, additional rental income from the store expansions completed during the period, and from completed property developments during the previous corresponding period.

Finance costs of \$12.3 million were 7.4 per cent lower than the previous corresponding six months, with higher borrowing levels being offset by a lower weighted average cost of debt. The average level of borrowings was 6.6 per cent higher than the previous corresponding period (\$481.2 million compared with \$451.6 million). The weighted average cost of debt for the half-year (finance costs less finance income as a percentage of average borrowings) was 5.06 per cent, compared to 5.79 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 (86.7 per cent compared with 75.3 per cent).

Other operating expenses of \$3.1 million were slightly lower than the previous corresponding period of \$3.3 million.

Financial position

At 31 December 2015, the Trust's total assets were \$2,179.8 million, funded by unitholders' equity of \$1,617.1 million and total liabilities of \$562.7 million.

The underlying net tangible asset backing of the Trust's units increased by 28 cents per unit during the period, from \$2.24 per unit at 30 June 2015, to \$2.52 per unit at 31 December 2015. This increase was the result of the net unrealised gains on revaluation of investment properties (refer to the Revaluations section).

INTERIM DISTRIBUTION

For the half-year, the Trust reported a distributable profit of \$53.3 million, an increase of 8.5 per cent on the previous corresponding period, primarily due to increased property income from rental growth from the existing property portfolio, completed developments and market rent reviews, and a lower average cost of debt.

An interim distribution of 8.29 cents per ordinary unit has been declared. This is 8.1 per cent higher than the previous corresponding period (7.67 cents per unit), reflecting the increase in distributable profit over the previous corresponding period.

There were approximately 0.4 per cent more units on issue at 31 December 2015 than at 31 December 2014.

The interim distribution will be made on 25 February 2016 to unitholders on the Trust's register at 5:00 pm on 31 December 2015.

Units issued under the Trust's distribution reinvestment plan ("DRP") in respect of the interim distribution will be issued at \$3.09 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 7 January 2016 to 4 February 2016, without the application of a discount.

REPORT TO UNITHOLDERS

(CONTINUED)

PROPERTY PORTFOLIO

Capital expenditure

Total capital expenditure on the portfolio during the half-year amounted to \$11.5 million, comprising the items outlined below.

Completion of expansion of Bunnings Warehouse Lismore, New South Wales

In August 2015, a \$4.6 million expansion of the Trust's Lismore Bunnings Warehouse was completed by Bunnings for the Trust. As at 30 June 2015, the Trust had accrued \$3.2 million of the \$4.6 million in capital expenditure. The annual rental increased by approximately \$0.3 million to \$1.3 million on completion of the expansion works.

Completion of expansion of Bunnings Warehouse Rockingham, Western Australia

In October 2015, a \$4.6 million expansion of the Trust's Rockingham Bunnings Warehouse was completed by Bunnings for the Trust. As at 30 June 2015, the Trust had accrued \$2.5 million of the \$4.6 million in capital expenditure. The annual rental increased by approximately \$0.3 million to \$2.0 million on completion of the expansion works.

Flood damage Bunnings Warehouse Maitland, New South Wales

During the period, the Trust incurred \$1.5 million in expenditure to rectify the damage to the Maitland Bunnings Warehouse from the floods in April 2015. Bunnings commenced partial occupation of the store in August 2015. The repairs to the building are expected to be completed in March 2016, at which time Bunnings will occupy the entire building.

Other capital expenditure

Sundry capital improvements, comprising minor works at various investment properties, made by the Trust during the half-year totalled \$0.8 million.

Capital commitments

Work is continuing on reinstating the damaged area at the Maitland Bunnings Warehouse and implementing an appropriate longer term rectification plan. The additional capital cost to be incurred by the Trust in rectifying the damage and implementing a new storm water run-off solution is approximately \$1.0 million.

Occupancy and average lease expiry

At 31 December 2015, the portfolio was 100 per cent occupied with a weighted average lease expiry term of 6.4 years (30 June 2015: 6.6 years, 31 December 2014: 6.8 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

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 2.0 per cent.

Market rent reviews

During the period, market rent reviews were concluded on six Bunnings Warehouses and the showrooms occupied by BCF at Geraldton, Western Australia and at Bayswater, Victoria, and Dollar Curtains and Blinds at Pakenham, Victoria. The market rent review for the Fountain Gate Bunnings Warehouse, due during the year ended 30 June 2015, is being determined by an independent valuer and remains unresolved as at 31 December 2015. Market rent reviews for two Trust-owned Bunnings Warehouses and one showroom due during the period are still being negotiated. The market rent reviews completed during the half-year are shown in the following table.

Property location	Customer	Passing rent (\$ pa)	Market review ¹ (\$ pa)	Uplift (%)	Effective date
Mornington, VIC ²	Bunnings	1,607,814	1,650,000	2.6%	13-Dec-14
Nunawading, VIC ²	Bunnings	2,289,748	2,337,500	2.1%	11-Feb-15
Morayfield, QLD ²	Bunnings	1,676,042	1,770,000	5.6%	22-Mar-15
Mile End, SA ^{2,3}	Bunnings	2,050,595	2,340,000	14.1%	23-Mar-15
Morley, WA	Bunnings	1,290,348	1,425,000	10.4%	3-Jul-15
Vermont South, VIC	Bunnings	2,166,812	2,166,812	0.0%	15-Aug-15
Geraldton Showrooms, WA	BCF	182,436	182,436	0.0%	12-Nov-15
Pakenham, VIC	Dollar Curtains	123,022	126,713	3.0%	10-Jan-16
Bayswater, VIC	BCF	269,423	290,000	7.6%	3-Jun-16
Weighted Average				5.4%	

- ¹ All market rent reviews were negotiated between the Trust and the Customer except Mile End and Morayfield which were determined by an independent valuer.
- ² The market rent review was due during the year ended 30 June 2015, but the outcome of the negotiation was only completed during the year ending 30 June 2016.
- ³ Amortised rental portion of total rent ceased on 22 March 2015, the market rent review excludes the amortised rent not subject to review.

REPORT TO UNITHOLDERS

(CONTINUED)

Like-for-like rental growth

Excluding rental income from properties acquired, sold or expanded during or since the previous corresponding period, rental income increased by 2.5 per cent for the 12 months to 31 December 2015 (compared to 3.1 per cent for the 12 months to 31 December 2014, which was previously disclosed as a 2.7 per cent increase, but has now been updated following the finalisation of the 10 market rent reviews related to that period).

The four unresolved market reviews at 31 December 2015 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 11 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 2015 was 6.81 per cent (30 June 2015: 7.33 per cent; 31 December 2014: 7.41 per cent).

The value of the Trust's portfolio increased by \$179.3 million to \$2,160.5 million during the half-year following developments and capital expenditure of \$5.8 million and a net revaluation gain of \$173.5 million at 31 December 2015. 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

The Trust's debt facilities as at 31 December 2015 are summarised below.

	Limit (\$m)	Amount drawn ¹ (\$m)	Expiry date
Bank debt facilities			
Australia and New Zealand Banking Group Limited	110.0	92.5	1 July 2018
Commonwealth Bank of Australia	110.0	93.4	31 July 2020
Westpac Banking Corporation	135.0	93.8	30 April 2020
Corporate bonds			
Fixed term five-year corporate bond	200.0	200.0	27 May 2019
	555.0	479.7	

¹ Amount drawn includes prepaid interest and borrowing costs of \$0.1 million as at 31 December 2015.



The weighted average duration of the debt facilities at 31 December 2015 was 3.7 years (31 December 2014: 3.3 years).

The Trust's gearing ratio (debt to total assets) at 31 December 2015 was 22.0 per cent (30 June 2015: 24.1 per cent, 31 December 2014: 23.4 per cent) which is in the preferred range of 20 to 30 per cent.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements, to ensure stability of distributions. At 31 December 2015, the Trust's interest rate hedging cover was 79.2 per cent of gross borrowings (excluding prepaid interest and borrowing costs), with \$180.0 million interest rate swaps and the \$200.0 million fixed rate corporate bond against gross borrowings of \$479.7 million. The weighted average term to maturity of hedging was 2.66 years (30 June 2015: 3.17 years, 31 December 2014: 3.25 years) including delayed start swaps.

The Trust's distribution reinvestment plan was active for the interim distribution and applied to approximately 9.8 per cent of issued units.

OUTLOOK

Property income for the second half of 2015/16 will include a full six months' rental income from the Bunnings Warehouse expansions completed during the first half of 2015/16 and from the completed developments in the previous corresponding period.

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2016. There are 47 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of 2015/16. There are also five market rent reviews of Bunnings Warehouses, of which one relates to the year ending 30 June 2015, to be completed by the end of this financial year.

As a result of increased utilisation of existing debt 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 5.0 per cent for the six months ending 30 June 2016 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 and expansion opportunities for existing stores in the portfolio. As part of ongoing active portfolio management, the responsible entity will also continue to assess potential divestments where properties have reached optimum value.

REPORT TO UNITHOLDERS

(CONTINUED)


OUTLOOK (CONTINUED)

On the basis of continued rental growth from the existing portfolio, and no significant changes in the operating environment, the Trust could expect distribution per unit growth of approximately five per cent for the 2016 financial year, in line with the outlook provided in August 2015.

SUBSEQUENT EVENT

In February 2016, the Trust entered into a conditional contract with an unrelated party to sell the Cairns property that was vacated by Bunnings in 2015. The details of the transaction will be announced at the time the transaction becomes unconditional, which is expected to be at the end of March 2016.

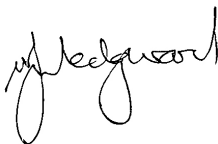
For BWP Management Limited



Erich Fraunschiel

Chairman

11 February 2016



Michael J Wedgwood

Managing Director

11 February 2016



FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED
31 DECEMBER 2015



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	Dec 2015 \$000	Dec 2014 \$000
Rental income		74,161	69,566
Other property income		431	1,475
Finance income		61	139
Total revenue		74,653	71,180
Finance costs		(12,333)	(13,318)
Responsible entity's fees		(5,888)	(5,435)
Other operating expenses		(3,137)	(3,306)
Total expenses		(21,358)	(22,059)
Profit before unrealised gains in fair value of investment properties		53,295	49,121
Unrealised gains in fair value of investment properties		173,513	68,203
Profit for the period attributable to unitholders of BWP Trust		226,808	117,324
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges:			
- Realised losses transferred to profit or loss		2,616	2,700
- Unrealised losses on cash flow hedges		(824)	(3,433)
Total comprehensive income for the period attributable to the unitholders of BWP Trust		228,600	116,591
Basic and diluted earnings (cents per unit) resulting from profit	2	35.31	18.39

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	Dec 2015 \$000	Jun 2015 \$000	Dec 2014 \$000
ASSETS				
<i>Current assets</i>				
Cash		14,783	32,445	21,119
Receivables and prepayments		4,480	4,233	4,848
Assets held for sale		27,357	16,357	7,210
Total current assets		46,620	53,035	33,177
<i>Non-current assets</i>				
Investment properties	3	2,133,187	1,964,915	1,892,863
Total non-current assets		2,133,187	1,964,915	1,892,863
Total assets		2,179,807	2,017,950	1,926,040
LIABILITIES				
<i>Current liabilities</i>				
Payables and deferred income		20,660	27,363	20,868
Derivative financial instruments		795	392	401
Distribution payable	4	53,254	52,483	49,066
Total current liabilities		74,709	80,238	70,335
<i>Non-current liabilities</i>				
Interest-bearing loans and borrowings	5	479,636	485,401	451,156
Derivative financial instruments		8,356	10,551	12,379
Total non-current liabilities		487,992	495,952	463,535
Total liabilities		562,701	576,190	533,870
Net assets		1,617,106	1,441,760	1,392,170
EQUITY				
<i>Equity attributable to unitholders of BWP Trust</i>				
Issued capital	6	945,558	945,558	938,076
Hedge reserve	7	(9,151)	(10,943)	(12,780)
Undistributed income		680,699	507,145	466,874
Total equity		1,617,106	1,441,760	1,392,170

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Dec 2015 \$000	Dec 2014 \$000
Cash flows from operating activities		
Rent received	83,606	80,987
Payments to suppliers	(15,005)	(9,010)
Payments to the responsible entity	(5,783)	(4,926)
Finance income	61	139
Finance costs	(12,071)	(12,827)
Net cash flows from operating activities	50,808	54,363
Cash flows from investing activities		
Payments for purchase of, and additions to, investment properties	(10,222)	(57,698)
Receipts from the sale of investment properties	-	46,286
Net cash flows used in investing activities	(10,222)	(11,412)
Cash flows from financing activities		
(Repayments)/proceeds of borrowings	(5,765)	2,824
Distributions paid	(52,483)	(36,701)
Net cash flows used in financing activities	(58,248)	(33,877)
Net (decrease)/increase in cash	(17,662)	9,074
Cash at the beginning of the period	32,445	12,045
Cash at the end of the period	14,783	21,119

The statement of cash flows should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Issued capital \$000	Hedge Reserve \$000	Undistributed income \$000	Total \$000
Balance at 1 July 2014	924,786	(12,047)	398,616	1,311,355
Profit for the period attributable to unitholders of BWP Trust	-	-	117,324	117,324
Other comprehensive loss: Effective portion of changes in fair value of cash flow hedges	-	(733)	-	(733)
Total comprehensive income for the period	-	(733)	117,324	116,591
Distributions to unitholders	-	-	(49,066)	(49,066)
Issue of units - Distribution reinvestment plan	13,290	-	-	13,290
Total transactions with unitholders of BWP Trust	13,290	-	(49,066)	(35,776)
Balance at 31 December 2014	938,076	(12,780)	466,874	1,392,170
Balance at 1 July 2015	945,558	(10,943)	507,145	1,441,760
Profit for the period attributable to unitholders of BWP Trust	-	-	226,808	226,808
Other comprehensive income: Effective portion of changes in fair value of cash flow hedges	-	1,792	-	1,792
Total comprehensive income for the period	-	1,792	226,808	228,600
Distributions to unitholders	-	-	(53,254)	(53,254)
Total transactions with unitholders of BWP Trust	-	-	(53,254)	(53,254)
Balance at 31 December 2015	945,558	(9,151)	680,699	1,617,106

The statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

The financial statements of BWP Trust ("the Trust") for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 11 February 2016. The Trust was constituted under a Trust Deed dated 18 June 1998 as amended and is managed by BWP Management Limited ("the responsible entity"). Both the Trust and the responsible entity are domiciled in Australia.

The half-year financial statements are a general purpose financial report which:

- > has been prepared in accordance with the requirements of the Trust's constitution, the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*;
- > has been prepared by applying the same significant accounting policies as those applied by the Trust in its financial statements for the year ended 30 June 2015;
- > has been prepared on an historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value;
- > is presented in Australian dollars, the Trust's functional currency, and all values are rounded to the nearest thousand dollars (\$'000) under the option available to the Trust under ASIC Class Order 98/100, unless otherwise stated; and
- > does not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual financial statements of the Trust as at 30 June 2015 which are available upon request from the Trust's registered office at Level 11, 40 The Esplanade, Perth WA 6000 or at bwptrust.com.au and considered together with any public announcements made by the Trust during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.



NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

2 INTERIM DISTRIBUTION PER UNIT

In accordance with the Trust's constitution, the unrealised gains or losses on the revaluation of the fair value of investment properties are not included in the profit available for distribution to unitholders, as well as other items as determined by the directors. The following shows the effect on earnings per unit of excluding unrealised gains or losses and the resulting distribution per unit:

	Dec 2015	Dec 2014
Basic and diluted earnings per unit (cents per unit)	35.31	18.39
Basic and diluted earnings per unit excluding unrealised gains in fair value of properties (cents per unit)	8.29	7.70
Interim distribution per unit (cents per unit)	8.29	7.67
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	642,383,803	638,015,868

3 INVESTMENT PROPERTIES

	Dec 2015 \$000	Dec 2014 \$000
Balance at the beginning of the period	1,964,915	1,765,480
Acquisitions during the period	-	58,417
Reclassification to assets held for sale	(11,000)	-
Capital improvements	5,759	763
Net unrealised gains from fair value adjustments	173,513	68,203
Balance at the end of the period	2,133,187	1,892,863

(a) Fair value

Investment properties are carried at fair value. Fair value for individual properties is determined by a full valuation completed at least every three years by an independent valuer who holds a relevant professional qualification and has recent experience in the location and category of the investment property. During the six months to 31 December 2015, 11 independent property valuations were performed.

Properties that have not been independently valued as at a balance date are carried at fair value by way of directors' valuation.

All investment properties of the Trust have been categorised on a Level 3 fair value basis under AASB 13 *Fair Value Measurement*, as some of the inputs required to value the properties are not based on "observable market data". For full details of the methodology and the significant assumptions/inputs used please refer to the 30 June 2015 annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

3 INVESTMENT PROPERTIES (CONTINUED)

(b) Capital expenditure

During the half-year the Trust's capital expenditure on investment properties totalled \$11.5 million, comprising:

BUNNINGS WAREHOUSE DEVELOPMENTS

Property	Cost (\$m)	Completed
Lismore, New South Wales	4.6 ¹	August 2015
Rockingham, Western Australia	4.6 ¹	October 2015

¹ At 30 June 2015 the Trust had accrued capital expenditure of \$3.2 million for Lismore and \$2.5 million for Rockingham.

FLOOD DAMAGE, MAITLAND, NSW

The Trust incurred \$1.5 million in expenditure to rectify damage to the Maitland Bunnings Warehouse from floods in April 2015. Bunnings commenced partial occupation of the store in August 2015 and repairs to the building are expected to be completed in March 2016.

OTHER

Other capital improvements made by the Trust to investment properties during the half-year totalled \$0.8 million.

4 DISTRIBUTION PAYABLE

In accordance with the Trust's constitution, the unrealised gains or losses on the revaluation of the fair value of investment properties are not included in the profit available for distribution to unitholders, as well as other items as determined by the directors. A reconciliation is provided below:

	Dec 2015 \$000	Dec 2014 \$000
Profit for the period attributable to unitholders of BWP Trust	226,808	117,324
Net unrealised gains in fair value of investment properties	(173,513)	(68,203)
Distributable profit for the period	53,295	49,121
Opening undistributed profit	22	1
Closing undistributed profit	(63)	(56)
Distributable amount	53,254	49,066
Distribution (cents per unit)	8.29	7.67



NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

5 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December 2015 the Trust had the following borrowings:

	Expiry date	Limit \$000	Amount drawn \$000
Bank debt facilities			
Australia and New Zealand Banking Group Limited	1 July 2018	110,000	92,500
Commonwealth Bank of Australia	31 July 2020	110,000	93,400
Westpac Banking Corporation	30 April 2020	135,000	93,800
		355,000	279,700
Corporate bonds			
Fixed term five-year corporate bond	27 May 2019	200,000	200,000
Less: prepaid interest and borrowing costs			(64)
		200,000	199,936
		555,000	479,636

6 ISSUED CAPITAL

During the period, no new units (2014: 5,329,631 units) were issued under the Trust's distribution reinvestment plan therefore, the number of ordinary units on issue as at 31 December 2015 remained at 642,383,803. The distribution reinvestment plan remained active for the interim distribution for the half-year ended 31 December 2015 with units acquired on-market.

7 HEDGE RESERVE

This reserve records the portion of the change in fair values of a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	Dec 2015 \$000	Jun 2015 \$000
Balance at the beginning of the financial period	(10,943)	(12,047)
Effective portion of changes in fair value of cash flow hedges:		
- Realised losses transferred to profit or loss	2,616	5,290
- Unrealised losses on cash flow hedges	(824)	(4,186)
Balance at the end of the financial period	(9,151)	(10,943)

The movement in the half-year was largely due to the decrease in the weighted average term to maturity of the hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

8 SEGMENT REPORTING

The Trust operates wholly within Australia and derives rental income from investments in commercial property.

9 FINANCIAL INSTRUMENTS

(a) Fair value

The fair values and carrying amounts of the Trust's financial assets and financial liabilities recorded in the financial statements are materially the same with the exception of the following:

	Dec 2015 \$000	Jun 2015 \$000
Corporate bonds – book value	(199,936)	(199,701)
Corporate bonds – fair value	(206,692)	(206,743)

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

LOANS AND RECEIVABLES, AND PAYABLES AND DEFERRED INCOME

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimates to represent their fair values.

CASH AND SHORT-TERM DEPOSITS

The carrying amount is fair value due to the liquid nature of these assets.

BANK DEBT FACILITIES AND CORPORATE BONDS

Market values have been used to determine the fair value of corporate bonds using a quoted market price. The fair value of bank debt facilities have been calculated discounting the expected future cash flows at prevailing interest rates using market observable inputs.

INTEREST RATE SWAPS

Interest rate swaps are measured at fair value by valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).



NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management – credit risk

During the period no (2014: \$nil) rental income was deemed non-recoverable. There are no other allowances for impairment in respect of receivables during the current or previous period.

Other aspects of the Trust's financial risk management objectives and policies are consistent with those disclosed in the 30 June 2015 annual financial statements.

10 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:

	Dec 2015 \$000	Jun 2015 \$000
Not later than one year:		
Unrelated parties	1,300	-
Related parties	-	3,272
	1,300	3,272

Capital commitments to unrelated parties

MAITLAND, NSW

Work is continuing on reinstating the damaged area at the Bunnings Warehouse in Maitland and implementing an appropriate longer term rectification plan. The additional capital cost to be incurred by the Trust in rectifying the damage and implementing a new storm water run-off solution is approximately \$1.0 million.

11 RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2015 annual financial statements, along with Notes 3 and 10 of these financial statements.

DIRECTORS' REPORT

For the half-year ended 31 December 2015

In accordance with the *Corporations Act 2001*, BWP Management Limited (ABN 26 082 856 424), the responsible entity for BWP Trust, provides this report for the financial half-year that commenced 1 July 2015 and ended 31 December 2015 and review report thereon. The information on pages 8 to 14 forms part of this directors' report and is to be read in conjunction with the following information:

Directors

The names of directors of the responsible entity in office during the financial half-year and until the date of this report were:

- > Mr E Fraunschiel (Chairman)
- > Mr J K Atkins (resigned 31 August 2015)
- > Mr J A Austin (retired 2 December 2015)
- > Ms F E Harris
- > Mr R D Higgins
- > Mr A J Howarth
- > Mr M J G Steur
- > Mr M J Wedgwood

Directors were in office for the entire period unless otherwise stated.

Review and results of operations

The operations of the Trust during the six months to 31 December 2015 and the results of those operations are reviewed on pages 8 to 14 of this report and the accompanying financial statements.

	Dec 2015 \$000	Dec 2014 \$000
Profit for the period attributable to unitholders of BWP Trust	226,808	117,324
Net unrealised gains in fair value of investment properties	(173,513)	(68,203)
Distributable profit for the period	53,295	49,121
Opening undistributed profit	22	1
Closing undistributed profit	(63)	(56)
Distributable amount	53,254	49,066

The interim distribution is 8.29 cents per ordinary unit (2014: 7.67 cents). This interim distribution will be paid on 25 February 2016.



Units on issue

At 31 December 2015, 642,383,803 units of BWP Trust were on issue (30 June 2015: 642,383,803).

Significant events after the balance date

In February 2016, the Trust entered into a conditional contract with an unrelated party to sell the Cairns property that was vacated by Bunnings in 2015. The details of the transaction will be announced at the time the transaction becomes unconditional, which is expected to be at the end of March 2016.

Auditor independence declaration

The lead auditor's independence declaration is set out on page 29 and forms part of the directors' report for the half-year ended 31 December 2015.

Rounding off

The responsible entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of BWP Management Limited.

Erich Fraunschiel

Chairman
BWP Management Limited
Perth, 11 February 2016

DIRECTORS' DECLARATION

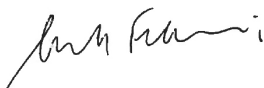
For the half-year ended 31 December 2015

In accordance with a resolution of the directors of BWP Management Limited, responsible entity for the BWP Trust ("the Trust"), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Trust are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of BWP Management Limited.



Erich Fraunschiel

Chairman

BWP Management Limited

Perth, 11 February 2016

AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 2015

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of BWP Management Limited the responsible entity of BWP Trust.

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG
Perth, 11 February 2016



Grant Robison
Partner

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF BWP TRUST

For the half-year ended 31 December 2015

Report on the financial report

We have reviewed the accompanying half-year financial report of BWP Trust (the Trust), which comprises the statement of financial position as at 31 December 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Trust.

Directors' responsibility for the half-year financial report

The directors of the BWP Management Limited (The Responsible Entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at the 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of BWP Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

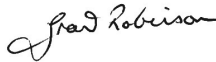
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BWP Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG

Perth, 11 February 2016



Grant Robison

Partner

DIRECTORY

RESPONSIBLE ENTITY

BWP Management Limited

ABN 26 082 856 424

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40 The Esplanade
Perth WA 6000

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DIRECTORS AND SENIOR MANAGEMENT

- > Mr E Fraunschiel (Chairman)
- > Mr M J Wedgwood (Managing Director)
- > Mr J K Atkins (Director)
(resigned 31 August 2015)
- > Mr J A Austin (Chairman and Director)
(retired 2 December 2015)
- > Ms F E Harris (Director)
- > Mr R D Higgins (Director)
- > Mr A J Howarth (Director)
- > Mr M J G Steur (Director)
- > Ms K A Lange (Secretary)

REGISTRY MANAGER

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: 1300 136 972 (within Australia)

Telephone: +61 3 9415 4323 (outside Australia)

Facsimile: 1800 783 447 (within Australia)

Facsimile: +61 3 9473 2500 (outside Australia)

computershare.com.au

AUDITOR

KPMG

235 St Georges Terrace
Perth WA 6000



INVESTOR INFORMATION

Stock exchange listing

The BWP Trust is listed on the Australian Securities Exchange (“ASX”) and reported in the “Industrial” section in daily newspapers – code BWP.

Unitholder enquiries

Please contact the registry manager if you have any questions about your unitholding or distributions.

Website

The Trust’s website, bwptrust.com.au provides information on each property in the portfolio, and an overview of the Trust’s approach to investment, corporate governance and sustainability. The site also provides unit price information and access to annual and half-year reports and releases made to the ASX.

Complaints handling

The procedure for lodgement of complaints and complaints handling is set out under the **Contact Us** tab of the BWP Trust website at bwptrust.com.au.

Should a complainant be dissatisfied with the decision made by the Responsible Entity in relation to a complaint, the complainant is entitled to take the matter up with the Financial Ombudsman Service (“FOS”), an external and independent industry complaint handling scheme. FOS is located at Level 12, 717 Bourke Street, Docklands, Victoria, 3008. FOS can be contacted by telephone on 1300 780 808, by facsimile on +61 3 9613 6399, by mail at GPO Box 3, Melbourne, Victoria, 3001, by email at info@fos.org.au, or by visiting their website at fos.org.au.

Half-Year Report 2015/16

Six months to 31 December 2015

