

Half-Year Report 2012/13

Six months to 31 December 2012



Contents

Half-year highlights	02
Financial & market performance	03
Our property portfolio	04
Report to unitholders	06
Financial statements	12
Directory	28
Investor information	29

Core purpose

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.



www.bwptrust.com.au

Bunnings Warehouse, Geraldton, WA

BWP Trust
ARSN 088 581 097

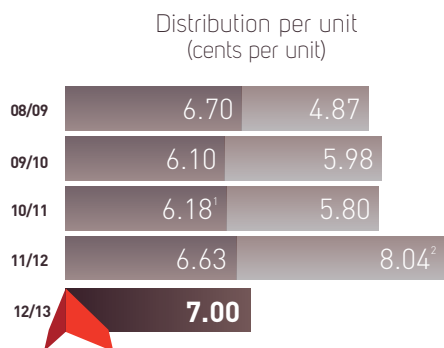
Responsible Entity
BWP Management Limited
ABN 26 082 856 424

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Cover image: Bunnings Warehouse, Gladstone, QLD

Half-year highlights

- > Income of \$54.0 million for the six months – up 9.3 per cent on the previous corresponding period
- > Distributable profit of \$37.4 million for the six months – up 8.2 per cent on the previous corresponding period
- > Interim distribution of 7.00 cents per unit – up 5.6 per cent on the previous corresponding period
- > Acquisition of a Bunnings Warehouse-anchored home improvement centre at Gladstone, Queensland
- > Portfolio value of \$1,348.1 million – up by \$41.5 million from 30 June 2012 following capital expenditure of \$30.0 million and a net revaluation gain of \$11.5 million for the six months
- > Net Tangible Assets of \$1.87 per unit at 31 December 2012 (30 June 2012: \$1.85)
- > Weighted Average Lease Expiry of 7.2 years at 31 December 2012 (30 June 2012: 7.7 years)
- > Portfolio 100 per cent occupied
- > Gearing (debt/total assets) 21.7 per cent at 31 December 2012 (30 June 2012: 21.6 per cent)
- > Covenant gearing (debt and non-current liabilities/total assets) 22.9 per cent (30 June 2012: 22.8 per cent)



¹ FY10/11 interim distribution includes a distribution of capital profits of 0.09 cents per unit, resulting from the sale of an investment property

² FY11/12 final distribution includes a distribution of capital profits of 1.17 cents per unit, resulting from the sale of an investment property

Financial performance

Half-year ended 31 December		2012	2011
Total income	\$m	54.0	49.4
Net profit	\$m	48.8	32.0
Net unrealised (gains)/losses in fair value of investment properties	\$m	(11.5)	2.6
Distributable profit for the period	\$m	37.4¹	34.5 ¹
Distribution per ordinary unit	cents	7.00	6.63
Total assets	\$m	1,364.6	1,272.6
Borrowings	\$m	296.3	240.5
Unitholders' equity	\$m	1,000.3	974.0
Gearing (debt to total assets)	%	21.7	18.9
Number of units on issue	m	534	520
Number of unitholders		17,023	14,521
Net tangible asset backing per unit	\$	1.87	1.87
Unit price at 31 December	\$	2.16	1.72
Management expense ratio (annualised)	%	0.59	0.62

¹ adjusted for rounding

Market performance

BWP Trust ("the Trust") marginally outperformed the broader Australian Real Estate Investment Trust ("A-REIT") sector during the half-year, with a 19.5 per cent total return for the six months to 31 December 2012, compared with 14.3 per cent for the benchmark S&P/ASX 200 A-REIT index (source: UBS Australia).

The Trust also outperformed the A-REIT sector for total returns over one, three, five and ten year periods, as shown in the following table:

Total returns¹ compared to market (source: UBS Australia)

Periods ended	1 year (%)	3 years (%) ²	5 years (%) ²	10 years (%) ²
31 Dec 2012				
BWP	35.1%	13.0%	6.3%	12.6%
S&P / ASX 200 A-REIT Accumulation index	33.0%	9.3%	-8.3%	2.5%

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

² annual compound returns

Our property portfolio

Portfolio rental summary

As at 31 December 2012	Land area ha	Gross lettable area ¹ sqm	Annual rental ² \$000
Western Australia			
Albany	2.0	13,660	805
Balcatta	4.3	25,439	1,841
Belmont	2.2	10,381	1,288
Bibra Lake	3.2	13,977	1,609
Cockburn	2.6	12,839	1,442
Geraldton	3.3	17,874	1,243
Geraldton Showrooms	1.2	1,511	227
Harrisdale	3.7	14,777	1,421
Joondalup	2.5	13,456	1,315
Mandurah	2.5	12,097	1,371
Midland	2.4	13,694	1,528
Mindarie	3.1	14,479	1,528
Morley	1.8	9,852	1,222
Port Kennedy	2.8	11,675	1,354
Rockingham	3.3	17,179	1,548
Total	40.9	202,890	19,742
Victoria			
Altona ³	3.4	9,254	1,090
Bayswater (BWH and showrooms)	4.9	17,677	2,048
Blackburn (Industrial)	4.1	20,401	1,718
Broadmeadows	1.8	12,765	1,684
Caroline Springs	3.0	14,212	1,494
Craigieburn	4.6	16,764	1,400
Croydon	3.8	13,292	1,745
Dandenong	3.1	12,313	1,347
Epping	3.1	12,027	1,156
Fountain Gate	3.2	12,624	1,410
Frankston	3.7	13,843	1,926
Hawthorn	0.8	7,462	3,001
Maribyrnong ⁴	3.4	-	-
Mentone	2.5	11,814	1,502
Mornington	4.0	13,324	1,574
Northland	3.3	12,027	1,709
Nunawading ⁵	3.4	14,766	2,197
Oakleigh South	4.4	16,949	1,807
Pakenham (BWH and showrooms)	3.5	14,867	1,690
Port Melbourne	3.0	13,846	1,753
Sandown	3.1	12,180	1,107
Scoresby	3.4	12,515	1,763
Sunshine	2.0	9,958	992
Vermont South	4.8	16,634	2,056
Total	80.3	311,514	38,169
Australian Capital Territory			
Fyshwick ⁶	2.8	6,648	1,165
Tuggeranong	2.8	11,857	1,528
Total	5.6	18,505	2,693

As at 31 December 2012	Land area ha	Gross lettable area ¹ sqm	Annual rental ² \$000
South Australia			
Mile End	3.3	14,888	2,188
Noarlunga	2.6	15,054	1,405
Regency Park (Industrial)	1.1	4,682	427
Total	7.0	34,624	4,020
New South Wales			
Artarmon	0.7	5,746	1,579
Belmont North	4.0	12,640	892
Belrose	2.5	8,888	1,995
Blacktown (Industrial)	1.3	8,346	808
Coffs Harbour	2.5	8,657	837
Dubbo (BWH and showrooms)	4.5	16,344	1,360
Greenacre	2.2	13,528	2,215
Lismore	2.1	10,076	869
Maitland	3.7	12,797	1,255
Minchinbury ⁷	3.6	12,048	1,676
Port Macquarie	2.0	8,801	877
Thornleigh	1.2	5,301	1,287
Villawood	2.6	10,886	1,500
Wagga Wagga	3.6	13,774	1,236
Wollongong	2.7	10,811	1,360
Total	39.2	158,643	19,746
Queensland			
Browns Plains (BWH and showrooms)	4.7	18,704	2,649
Burleigh Heads	3.3	12,428	1,480
Cairns	2.4	12,917	1,265
Cannon Hill	3.6	16,470	2,001
Fairfield Waters	2.9	13,645	1,432
Gladstone (BWH and showrooms)	5.5	21,419	2,802
Hemmant (Industrial)	3.5	21,523	2,226
Hervey Bay	3.0	11,824	1,165
Morayfield	3.2	12,507	1,596
Mount Gravatt	2.7	11,824	1,096
Rocklea	3.1	12,671	1,548
Smithfield	3.1	13,094	1,339
Southport	3.5	12,431	1,458
Underwood	2.9	12,245	1,370
Total	47.4	203,702	23,427
Grand Total	220.4	929,878	107,797

Note: Properties are stand-alone Bunnings Warehouses unless otherwise specified

¹ "BWH" is an abbreviation for Bunnings Warehouse

Totals and Grand Total adjusted for rounding

² for Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse

³ annual rental figures do not include access fees detailed below

⁴ includes additional land (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$221,636 per annum

⁵ development site for which Bunnings Group Limited pays the Trust an access fee of \$602,482 per annum

⁶ includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,935 per annum

⁷ includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum

⁸ includes adjoining property (0.5 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$340,551 per annum

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 of the Trust for the six months to 31 December 2012 and a brief overview of the activities of the Trust.

Activities during the period included: the acquisition of a Bunnings Warehouse-anchored bulky goods centre in Gladstone, Queensland; agreement to acquire a parcel of land adjoining an existing Bunnings Warehouse in Albany, Western Australia; completion of seven market rent reviews; and the revaluation of the fair value of the portfolio.

Also during the half-year there were changes to the board of directors of the responsible entity. In October 2012, two new non-executive directors were appointed to the Board, Ms Fiona Harris and Mr Tony Howarth, both of whom have extensive business and board experience. In December 2012, Mr Peter Johnston retired from the Board, after having served as one of the original directors until July 2001 and then re-joining the Board as a non-executive director in September 2005.

Financial results

Income and expenses

Total income for the period was \$54.0 million, an increase of 9.3 per cent over the corresponding period last year. The increase in income was mainly due to growth of the property portfolio during or since the corresponding period - from acquisitions and improvements to investment properties (adding approximately \$3.2 million) and rent reviews (adding approximately \$1.5 million). Refer to Property portfolio and Rent reviews sections for further details.

Finance costs of \$11.0 million were 9.3 per cent higher than the previous corresponding six months, due to higher borrowing levels. The average level of borrowings was 22.5 per cent higher than the corresponding period (\$290.3 million compared with \$236.9 million). While finance costs were higher, the weighted average cost of debt for the half-year (finance costs less finance income/average borrowings) was lower at 7.46 per cent, compared to 8.24 per cent for the previous corresponding period. The lower cost of debt was the result of lower floating and fixed interest rates and reductions in the rate of bank fees and margins during or since the corresponding period. Average utilisation of debt facilities (average borrowings/average facility limits) for the period was lower than for the previous corresponding period (67.5 per cent compared with 71.8 per cent) due to the increase in facility limits between the two periods, from \$330 million to \$430 million.

Other operating expenses of \$2.0 million were 23.9 per cent higher than the corresponding six months, mainly due to non-recoverable outgoings for multi-tenanted properties acquired during or since the previous corresponding six months; being: Dubbo (settled on 5 August 2011), Browns Plains (acquired during April 2012), and Gladstone (acquired during September 2012).

The management expense ratio for the 12 months to 31 December 2012 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was 0.59 per cent, compared with 0.62 per cent for the corresponding period.

Financial position

At 31 December 2012 the Trust's total assets were \$1,364.6 million, with unitholders' equity of \$1,000.3 million and total liabilities of \$364.3 million.

The underlying net tangible asset backing of the Trust's units increased by 2 cents per unit during the period from \$1.85 per unit at 30 June 2012, to \$1.87 per unit at 31 December 2012. 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 \$37.4 million - an increase of 8.2 per cent on the distributable profit in the corresponding period last year, primarily due to increased property revenue and a lower average cost of debt.

An interim distribution of 7.00 cents per ordinary unit has been declared. This is 5.6 per cent higher than the previous corresponding period (6.63 cents per unit). There were approximately 2.6 per cent more units on issue at 31 December 2012 than at 31 December 2011.

The interim distribution will be made on 26 February 2013 to unitholders on the Trust's register at 5.00 pm on 31 December 2012.

Units issued under the Trust's distribution reinvestment plan in respect of the interim distribution will be issued at \$2.2142 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.

Property portfolio

Total capital expenditure on the portfolio during the half-year amounted to \$30.0 million, comprising the items outlined below.

In September 2012, the Trust completed the acquisition of an established Bunnings Warehouse and seven bulky goods showrooms at Gladstone, Queensland for \$28.6 million, including acquisition costs. The net annual rental income of the property is approximately \$2.4 million.

In October 2012, canopy extension works amounting to \$0.7 million were completed at the Trust-owned Bunnings Warehouse at Northland, Victoria. The Trust will receive approximately \$56,000 additional annual rent as a result of the improvements.

Non-income producing capital improvements made by the Trust to investment properties during the half-year totalled \$0.7 million. These included minor works at various properties.

In addition to the capital expenditure identified above, during the half-year the Trust committed to \$2.5 million (plus acquisition costs of approximately \$0.1 million) to acquire a 1.2 hectare site adjoining the

Report to unitholders (continued)

Trust's Bunnings Warehouse in Albany, Western Australia. The land has been acquired to allow for potential future expansion of the existing Bunnings Warehouse and Bunnings will pay the Trust an access fee of eight per cent per annum on the Trust's total capital outlay until the site is developed. Settlement of the acquisition occurred in early February 2013.

At 31 December 2012 the portfolio was 100 per cent occupied, with a weighted average lease expiry term of 7.2 years (30 June 2012: 7.7 years, December 2011: 8.2 years).

Rent reviews

The rent payable for each leased property is increased annually, either by a fixed percentage or by the Consumer Price Index ("CPI") except when a property is due for a market rent review.

Annual escalations

Forty 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 42 leases was 1.7 per cent.

Market rent reviews

During the period, market rent reviews were concluded on four Bunnings Warehouses, two showroom tenancies at the Browns Plains bulky goods centre, and an office tenancy at the Blackburn industrial property. The market rent review for the Trust-owned Bunnings Warehouse at Dandenong, which was due during the period, has been referred for determination by an independent valuer and was not completed by 31 December 2012.

The market rent reviews completed during the half-year are shown in the following table.

Property location	Tenant	Passing rent (\$ pa)	Market review ¹ (\$ pa)	Uplift (%)	Effective date
Geraldton, WA ²	Bunnings	923,821	1,218,750	+31.9	10 Dec 11
Oakleigh South, VIC ²	Bunnings	1,807,138	1,807,138	-	8 Mar 12
Blackburn, VIC ³	Pacific Laboratory Products	71,361	78,500	+10.0	1 Oct 12
Browns Plains, QLD ⁴	Spotlight	417,442	438,314	+5.0	9 Oct 12
Hervey Bay, QLD	Bunnings	1,131,148	1,165,082	+3.0	23 Dec 12
Fyshwick, ACT	Bunnings	1,147,152	1,165,506	+1.6	24 Dec 12
Browns Plains, QLD ⁴	The Good Guys	425,984	468,852	+10.0	14 April 13
Weighted Average				+7.1	

¹ Market rent reviews for Geraldton and Oakleigh South were determined by independent valuers; Blackburn, Browns Plains, Hervey Bay and Fishwick were negotiated between the Trust and the tenant

² Geraldton and Oakleigh South market rent reviews were due during the year ended 30 June 2012, but the outcome of the determination process was only completed during the half-year ended 31 December 2012

³ Multi-tenanted industrial property

⁴ Multi-tenanted bulky goods property

Like-for-like rental growth

Excluding rental income from properties acquired or upgraded during or since the previous corresponding period, rental income increased by approximately 2.4 per cent for the 12 months to 31 December 2012 (compared to 3.3 per cent for the 12 months to 31 December 2011). The result was affected primarily by lower CPI growth during the 12 month period, averaging approximately 2.2 per cent across 75 per cent of all rent reviews for the 12 months, modest uplift in the properties subject to market rent reviews during the period and one market review still unresolved at 31 December 2012.

Revaluations

During the half-year the Trust's entire investment property portfolio was revalued. Property revaluations were performed by independent valuers for 10 properties during the period. The remaining 63 properties were subject to directors' revaluations. Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2012 was 7.91 per cent, unchanged from 30 June 2012 (December 2011: 7.81 per cent).

The value of the portfolio increased by \$41.5 million to \$1,348.1 million during the half-year, following capital expenditure of \$30.0 million and a net revaluation gain of \$11.5 million at 31 December 2012. The net revaluation gain was predominantly a result of growth in rental income across the portfolio during the half-year.

Capital management

At 31 December 2012, the Trust had borrowings of \$296.3 million under debt facilities with a combined limit of \$430.0 million. Details of the facilities at 31 December 2012 are provided below:

- > \$180 million bank bill facilities with Westpac Banking Corporation, committed until 22 December 2016;
- > \$150 million bank bill facilities with Australia and New Zealand Banking Group, committed to 23 January 2017; and
- > \$100 million cash advance facility with the Commonwealth Bank of Australia, committed until 14 January 2014.

The weighted average duration of the facilities at 31 December 2012 was 3.3 years.

The Trust's gearing ratio (debt to total assets) at 31 December 2012 was 21.7 per cent (30 June 2012: 21.6 per cent, December 2011: 18.9 per cent), within the Board's preferred range of 20 to 30 per cent. Covenant gearing (debt and non-current liabilities to total assets) was 22.9 per cent (30 June 2012: 22.8 per cent, December 2011: 19.8 per cent), well below the maximum allowable 45 per cent under banking facilities.

Report to unitholders (continued)

The Trust has a policy of hedging the majority of its borrowings against interest rate movements, to ensure stability of distributions. At 31 December 2012, the Trust's hedging cover was 66.4 per cent of gross borrowings (excluding accrued interest and borrowing costs), with \$197.5 million interest rate swaps against gross borrowings of \$297.3 million. Hedging levels are currently within the Board's preferred 50 to 75 per cent range. The weighted average term to maturity of hedging was 3.72 years (30 June 2012: 4.05 years, December 2011: 3.59 years), including delayed start swaps.

The Trust's distribution reinvestment plan was active for the interim distribution.

Outlook

In the near term, BWP should benefit from improved revenue, from additions to the portfolio and incremental rental growth, and lower average cost of debt.

Property income for the second half of 2012/13 will include a full six months' rental income from the Bunnings Warehouse-anchored homemaker centre in Gladstone, Queensland, acquired in September 2012.

Rent reviews are also expected to contribute incrementally to property income for the half-year to 30 June 2013. There are 6 market rent reviews of Bunnings Warehouses remaining to be completed this financial year and 39 leases will be reviewed to the CPI or by a fixed percentage increase during the second half of 2012/13. The level of income growth derived from rent reviews will depend on property-specific factors for the 6 market reviews and the rate of inflation growth for the 20 CPI indexed leases.

Assuming market interest rates are maintained around or below current levels, the Trust's average rate of borrowing costs (being the net finance costs, including interest and bank fees and margins, as a percentage of average borrowings) should reduce further over the second half. Refinancing of a \$100 million bank facility is likely to take place during the second half, although overall we do not expect any significant variance in bank fees and margins across the Trust's bank facilities. The responsible entity continues to position the Trust to further improve the efficiency, diversity and duration of debt finance, particularly by enabling access to debt capital markets as opportunity permits.

The responsible entity will continue to look to acquire quality investment properties selectively. The availability of further acquisition opportunities will depend on market conditions moving forward, particularly the supply of quality properties and the competition for these assets. In a low interest rate environment, demand for commercial real estate as a yield investment is likely to increase and, at the same time, supply of quality properties may diminish as existing owners continue to hold assets for yield and/or anticipation of capital growth as a result of greater demand.

Improvements to the Trust's existing properties provide another means of improving earnings and the quality of the Trust's portfolio. Currently the Trust has committed to a \$3.8 million upgrade of its Bunnings Warehouse at Rocklea, Queensland, and the development of a \$19.5 million Bunnings Warehouse at Wallsend, New South Wales, which are likely to be completed during the calendar year ending 31 December 2013. The Trust is also considering several other upgrade proposals from Bunnings.

The responsible entity continues to assess potential divestments where properties have reached optimum value and selling them provides an opportunity to recycle capital and distribute potential capital profit to unitholders.

Thank you for your ongoing support of the BWP Trust.

For BWP Management Limited



John A Austin
Chairman

12 February 2013



Grant Gernhoefer
General Manager



Condensed statement of comprehensive income

For the half-year ended 31 December 2012

	Note	Dec 2012 \$000	Dec 2011 \$000
Rental income		53,129	47,542
Other property income	2	796	1,643
Finance income		74	212
Total revenue		53,999	49,397
Finance costs		(10,994)	(10,054)
Responsible entity's fees		(3,611)	(3,183)
Other operating expenses	2	(2,033)	(1,641)
Net profit before unrealised gains/(losses) in fair value of investment properties		37,361	34,519
Unrealised gains/(losses) in fair value of investment properties		11,472	(2,564)
Net profit attributable to unitholders of BWP Trust		48,833	31,955
Other comprehensive loss			
Effective portion of changes in fair value of cash flow hedges:			
- Realised losses transferred to net profit		2,017	908
- Unrealised losses on cash flow hedge		(2,964)	(10,710)
Total comprehensive income for the period attributable to the unitholders of BWP Trust		47,886	22,153
Basic and diluted earnings (cents per unit) resulting from net profit	3	9.20	6.15

The condensed statement of comprehensive income should be read in conjunction with the accompanying notes

Condensed statement of financial position

As at 31 December 2012

	Note	Dec 2012 \$000	June 2012 \$000	Dec 2011 \$000
ASSETS				
Current assets				
Cash		9,991	24,732	10,380
Deposits for purchases of investment properties		2,277	-	6,150
Receivables and prepayments		4,224	3,871	5,031
Total current assets		16,492	28,603	21,561
Non-current assets				
Other receivables		-	-	850
Investment properties	4	1,348,106	1,306,563	1,250,141
Total non-current assets		1,348,106	1,306,563	1,250,991
Total assets		1,364,598	1,335,166	1,272,552
LIABILITIES				
Current liabilities				
Payables and deferred income		13,671	14,071	12,475
Interest-bearing loans and borrowings		-	-	14,300
Derivative financial instruments		566	248	88
Distribution payable	5	37,355	42,231	34,477
Total current liabilities		51,592	56,550	61,340
Non-current liabilities				
Interest-bearing loans and borrowings	6	296,288	288,890	226,195
Derivative financial instruments		16,394	15,765	11,022
Total non-current liabilities		312,682	304,655	237,217
Total liabilities		364,274	361,205	298,557
Net assets		1,000,324	973,961	973,995
Unitholders' equity				
Issued capital		698,267	682,435	673,311
Reserves	8	(16,960)	(16,013)	(11,110)
Undistributed income		319,017	307,539	311,794
Total unitholders' equity		1,000,324	973,961	973,995

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

Condensed statement of cash flows

For the half-year ended 31 December 2012

	Dec 2012 \$000	Dec 2011 \$000
Cash flows from operating activities		
Rent received	60,813	55,515
Payments to suppliers	(9,860)	(8,454)
Payments to the responsible entity	(3,369)	(3,137)
Finance income	74	128
Finance costs	(10,789)	(9,137)
Net cash flows from operating activities	36,869	34,915
Cash flows from investing activities		
Payments of deposits for purchases of investment properties	(2,277)	(6,150)
Payments for purchase of, and additions to, investment properties	(30,332)	(26,817)
Net cash flows used in investing activities	(32,609)	(32,967)
Cash flows from financing activities		
Proceeds of borrowings	7,398	29,651
Distributions paid	(26,399)	(30,161)
Net cash flows used in financing activities	(19,001)	(510)
Net (decrease)/ increase in cash	(14,741)	1,438
Cash at the beginning of the period	24,732	8,942
Cash at the end of the period	9,991	10,380

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

Condensed statement of changes in equity

As at 31 December 2012

	Issued capital \$000	Undist- ributed income \$000	Hedge Reserve \$000	Total \$000
Balance at 1 July 2011	673,311	314,316	(1,308)	986,319
Total comprehensive income for the period attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	31,955	-	31,955
Other comprehensive loss: effective portion of changes in fair value of cash flow hedges	-	-	(9,802)	(9,802)
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(34,477)	-	(34,477)
Balance at 31 December 2011	673,311	311,794	(11,110)	973,995
Balance at 1 July 2012	682,435	307,539	(16,013)	973,961
Total comprehensive income for the period attributable to the unitholders of BWP Trust				
Net profit attributable to unitholders of BWP Trust	-	48,833	-	48,833
Other comprehensive loss: effective portion of changes in fair value of cash flow hedges	-	-	(947)	(947)
Transactions with unitholders recorded directly in equity				
Distributions to unitholders	-	(37,355)	-	(37,355)
Equity issued during the period: Distribution Reinvestment Plan	15,832	-	-	15,832
Balance at 31 December 2012	698,267	319,017	(16,960)	1,000,324

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

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 2012 were authorised for issue in accordance with a resolution of the directors on 12 February 2013. The Trust was constituted under a Trust Deed dated 18 June 1998 as amended. The Trust is managed by BWP Management Limited. Both the Trust and the responsible entity are domiciled in Australia.

The half-year financial statements do 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.

The half-year financial statements should be read in conjunction with the annual financial statements of the Trust as at 30 June 2012.

It is also recommended that the half-year financial statements be considered together with any public announcements made by the Trust during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial statements have been prepared in accordance with the requirements of the Trust's constitution and Australian Accounting Standards. The half-year financial statements have been prepared on an historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value.

The financial statements are presented in Australian dollars, which is 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.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial statements are a general purpose financial report which has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

Significant accounting policies applied by the Trust in these interim financial statements are the same as those applied by the Trust in its financial statements as at and for the year ended 30 June 2012.

2 ADJUSTMENT TO PRIOR PERIOD

Other property income and other operating expenses for the half-year ended 31 December 2011 have been adjusted down by \$447,382 respectively due to a change in accounting treatment of property outgoings adopted for the current accounting period ending 31 December 2012. For the half-year to 31 December 2011 and prior years, all property outgoings paid directly by the Trust were included as other operating expenses and recoveries from the tenants in accordance with the respective lease terms were recognised as other property income. To provide greater transparency of the non-recoverable property outgoings, the recoverable outgoings expenses and recoveries made from tenants are now netted off so that only the non-recoverable outgoings are included in other operating expenses. Net profit for the prior period remains unchanged.

3 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. The following shows the effect on earnings per unit of excluding unrealised gains or losses and the resulting distribution per unit:

	Dec 2012	Dec 2011
Basic and diluted earnings (cents per unit) for the half-year	9.20	6.15
Basic and diluted earnings (cents per unit) for the half-year excluding unrealised gains or losses in fair value of properties	7.04	6.63
Interim distribution (cents per unit) for the half-year	7.00	6.63

4 INVESTMENT PROPERTIES

	Balance at 30 June 2012 \$'000	Movement during the period \$'000	Balance at 31 Dec 2012 \$'000
Purchase price	688,995	27,000	715,995
Acquisition costs	41,052	1,569	42,621
Capital improvements since acquisition	268,994	1,502	270,496
Cumulative fair value adjustment	307,522	11,472	318,994
Fair value	1,306,563	41,543	1,348,106

4 INVESTMENT PROPERTIES (CONTINUED)

Investment properties are carried at fair value. Fair value for individual properties is determined by a full independent 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 2012, 10 property valuations were performed by independent valuers.

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

During the half-year the Trust's capital expenditure on investment properties totalled \$30.0 million.

Gladstone, Queensland

In September 2012, the Trust completed the acquisition of an established Bunnings Warehouse and seven bulky goods showrooms at Gladstone, Queensland for \$28.6 million, including acquisition costs.

Northland, Victoria

In October 2012, canopy extension works amounting to \$0.7 million were completed at the Trust-owned Bunnings Warehouse at Northland, Victoria.

Miscellaneous

Other capital improvements made by the Trust to investment properties during the half-year totalled \$0.7 million.

5 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. A reconciliation is provided below:

	Dec 2012 \$000	Dec 2011 \$000
Net profit attributable to unitholders of BWP Trust	48,833	31,955
Net unrealised (gains)/losses in fair value of investment properties	(11,472)	2,564
Distributable profit for the period	37,361	34,519
Opening undistributed profit	17	9
Closing undistributed profit	(23)	(51)
Distributable amount	37,355	34,477
Distribution (cents per unit)	7.00	6.63

6 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December 2012 the Trust has the following loan facilities:

	Limit \$000	Amount drawn \$000	Expiry date
Australia and New Zealand Banking Group Limited	150,000	72,500	23 January 2017
Commonwealth Bank of Australia	100,000	61,800	14 January 2014
Westpac Banking Corporation	180,000	163,000	22 December 2016
Less: accrued interest and borrowing costs		(1,012)	
	430,000	296,288	

7 ISSUED CAPITAL

During the period, 8,390,697 units (2011: nil) were issued under the Trust's distribution reinvestment plan, bringing the number of ordinary units on issue as at 31 December 2012 to 533,645,790. The distribution reinvestment plan remained active for the interim distribution for the half-year ended 31 December 2012.

8 RESERVES

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	Dec 2012 \$000	June 2012 \$000
Opening balance at the beginning of the financial period	(16,013)	(1,308)
Net losses on cash flow hedges for the period	(947)	(14,705)
Closing balance at the end of the financial period	(16,960)	(16,013)

The movement in the half-year was due to the decrease in variable interest rates during the half-year.

9 SEGMENT REPORTING

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

10 CAPITAL EXPENDITURE COMMITMENTS

	Dec 2012 \$000	June 2012 \$000
Estimated capital expenditure contracted for at balance date, but not provided for in the financial statements, which is payable:		
Not later than one year		
Unrelated Parties	5,138	2,923
Related Parties	3,840	3,840
Later than one year and not later than five years		
Related Parties	19,520	18,520
	28,498	25,283

Capital commitments to unrelated parties

In March 2011, as part of a portfolio of properties that the Trust agreed to acquire from Bunnings Group Limited, the Trust committed to acquire for \$3.0 million, including acquisition costs, from an unrelated party a development site at Wallsend on which a Bunnings Warehouse is to be developed. As at 31 December 2012, a balance of \$2.5 million was still to be paid, which was subsequently paid in January 2013.

In December 2012, the Trust committed to acquire for \$2.6 million (including acquisition costs) a 1.2 hectare site adjoining the Trust's Bunnings Warehouse in Albany, Western Australia. The land has been acquired to allow for potential future expansion of the existing Bunnings Warehouse. Settlement of the acquisition occurred in February 2013.

Capital commitments to related parties

In February 2011, the Trust committed to Bunnings Group Limited to fund upgrade works at the Rocklea property with an estimated cost of \$3.8 million. On completion of the upgrade, the parties will enter into a new ten-year lease of the Bunnings Warehouse with one ten-year option, exercisable by the tenant.

Following the acquisition of the development site at Wallsend from an unrelated party, the Trust is committed to Bunnings Group Limited for the development of a Bunnings Warehouse at a cost of \$19.5 million. On completion of the development, the parties will enter into a new ten-year lease of the Bunnings Warehouse with five, five-year options, exercisable by the tenant.

11 RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2012 annual financial statements.

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 2012 and ended 31 December 2012 and review report thereon. The information on pages 6 to 11 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 J A Austin (Chairman)

Mr B J H Denison

Ms F E Harris (from 1 October 2012)

Mr R D Higgins

Mr A J Howarth (from 1 October 2012)

Mr P J Johnston (until 10 December 2012)

Mr P J Mansell

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 2012 and the results of those operations are reviewed on pages 6 to 11 of this report and the accompanying financial statements.

	Dec 2012 \$000	Dec 2011 \$000
Net profit attributable to unitholders of BWP Trust	48,833	31,955
Net unrealised (gains)/losses in fair value of investment properties	(11,472)	2,564
Distributable profit for the period	37,361	34,519
Opening undistributed profit	17	9
Closing undistributed profit	(23)	(51)
Distributable amount	37,355	34,477

The interim distribution is 7.00 cents per ordinary unit (2011: 6.63 cents). This interim distribution will be paid on 26 February 2013.

Units on issue

At 31 December 2012, 533,645,790 units of BWP Trust were on issue (30 June 2012: 525,255,093).

Events subsequent to reporting date

In January 2013, the Trust completed the acquisition of a development site at Wallsend, New South Wales on which a Bunnings Warehouse is to be developed. The purchase price was \$3.0 million, including acquisition costs.

In February 2013, the Trust acquired land adjoining the Trust's Bunnings Warehouse in Albany, Western Australia to allow for the future expansion of the adjoining Bunnings Warehouse. The purchase price was \$2.6 million, including acquisition costs.

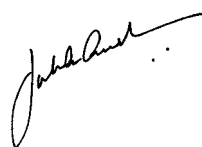
Auditor independence declaration

The lead auditor's independence declaration is set out on page 25 and forms part of the directors' report for the half-year ended 31 December 2012.

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



J A Austin

Chairman
BWP Management Limited
Perth, 12 February 2013

Directors' declaration

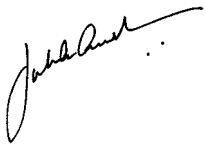
For the half-year ended 31 December 2012

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 2012 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



J A Austin

Chairman

BWP Management Limited

Perth, 12 February 2013

Auditor's independence declaration

For the half-year ended 31 December 2012



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.

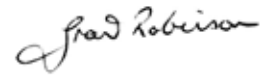
I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (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, 12 February 2013



Grant Robinson

Partner



Report on the financial report

We have reviewed the accompanying half-year financial report of BWP Trust (the Trust), which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 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 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 31 December 2012 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:

- giving a true and fair view of the Trust's financial position as at 31 December 2012 and of 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*.

KPMG

Perth, 12 February 2013

Grant Robinson

Partner

Directory

Responsible entity

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PERTH WA 6000

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Directors and senior management

Mr J A Austin (Chairman)

Mr B J H Denison (Director)

Ms F E Harris (Director)

Mr R D Higgins (Director)

Mr A J Howarth (Director)

Mr P J Mansell (Director)

Mr G W Gernhoefer (General Manager)

Ms K A Lange (Secretary)

Registry manager

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www.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 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, www.bwptrust.com.au, is a useful source of information for unitholders. It includes details of the Trust's property portfolio, current activities and future prospects. The site also provides access to annual and half-year reports and releases made to the ASX.

Complaints handling

Complaints made in regard to BWP Trust should be directed to The General Manager – BWP Management Limited, Level 11, Wesfarmers House, 40 The Esplanade, Perth, Western Australia, 6000. The procedure for lodgement of complaints and complaints handling is set out under the Investors tab of the BWP Trust website at www.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 or 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 www.fos.org.au.



Half-Year Report 2012/13

Six months to 31 December 2012

www.bwptrust.com.au



CERTIFICATION



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ISO 14001 Environmental Accreditation.