

Half-year  
Report  
2023/24

Six months to  
31 December  
2023

BWP  
TRUST

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Owners of Country throughout Australia and their continuing connection to lands and waterways upon which we depend. We pay our respects to their Elders, past and present.



**BUNNINGS WAREHOUSE  
& HOMEMAKER CENTRE  
BROADMEADOWS  
VIC**



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## 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](http://bwptrust.com.au)

# About us

Established and listed on the Australian Securities Exchange ("ASX") in 1998, BWP Trust ("BWP" or "the Trust") is a real estate investment trust investing in and managing commercial properties throughout Australia.

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## Important notice

This report contains statements regarding the future ("forward-looking statements") and statements of belief or opinion ("assumptions"). Words such as "believe", "consider", "could", "expect", "estimate", "likely", "may", "objective", "should", "plan", "target", and other similar expressions are intended to identify forward-looking statements or assumptions. While due care and attention has been used in preparing this report and the information it contains, forward-looking statements and assumptions are not guarantees of future performance or outcomes. Forward-looking statements and assumptions involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the responsible entity and which may cause actual performance and outcomes to differ materially from those expressed or implied by the statements. Before making an investment decision or acting on the information in this report, you should make your own enquiries and seek your own professional advice as to the application of the information provided in this report to your particular investment needs, objectives and financial circumstances.

# Strategic framework and business approach

## Strategic framework

To fulfil BWP's objective of providing unitholders a secure and growing income stream and long-term capital growth, the Trust's key areas of focus align to three strategic pillars: portfolio optimisation, profitable growth and portfolio renewal. To enable the strategic focus areas, the Trust prioritises commercial discipline, effective capital allocation and access, sustainability, and active collaboration with key stakeholders.

**Objective**

**Strategies**




**Strategic priorities (actions)**

**Enablers**

**Values**

Portfolio optimisation requires the Trust to optimise and leverage the existing network while managing asset repurposing requirements. Portfolio growth focuses on expanding the core portfolio and assessing adjacent growth segments and addressable markets, where feasible. Portfolio renewal is focused on active value creation through capital recycling and reinvestment in growth initiatives to complement the core portfolio, while maintaining a strong and flexible balance sheet.

Provide unitholders with a secure & growing income stream & long-term capital growth

 <b>Portfolio optimisation</b>	 <b>Profitable growth</b>	 <b>Portfolio renewal</b>
<ul style="list-style-type: none"> <li>&gt; Develop &amp; implement individual site plans &amp; identify &amp; activate highest &amp; best use</li> <li>&gt; Improve stakeholder (lessee) engagement</li> <li>&gt; Balance covenant &amp; income growth &amp; manage rent reviews effectively</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Reinvest in core portfolio to support lessee optimisation plans</li> <li>&gt; Acquire accretively in core portfolio</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Recycle actively (divest non-core assets &amp; optimise to highest &amp; best use)</li> <li>&gt; Re-allocate capital to higher value use</li> <li>&gt; Leverage relationships to participate in adjacent addressable markets &amp; establish new growth platforms to complement core portfolio</li> <li>&gt; Maintain a strong &amp; flexible balance sheet</li> </ul>

<b>Commercial discipline</b>	<b>Capital allocation &amp; access</b>	<b>Sustainability</b>	<b>Active &amp; effective collaboration</b>
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<b>Respectful</b>	<b>Responsible</b>	<b>Resourceful</b>	<b>Responsive</b>
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## Business approach

Consistent with its strategic framework, the Trust's business approach seeks to achieve strong alignment with, and support for, the ongoing property needs of its customers.



### Investment themes

#### Large format retailing property ownership – home improvement/ Bunnings focus

##### Status<sup>1</sup>

- > 239.9 hectares of land
- > 75 properties
- > 82 per cent of income from Bunnings
- > 84 per cent of income from Wesfarmers
- > 93 per cent of non-Bunnings income from national tenants

##### Priorities

- > Core portfolio of Bunnings Warehouse properties that meet Bunnings' business model requirements, with annual rent increases and long duration of occupancy



### Drivers of returns

#### Annual rental growth

##### Status<sup>1</sup>

- > Approximately 53 per cent of the Trust's rental income is subject to CPI adjustments, with 47 per cent subject to fixed annual adjustments (other than in years which respective properties are due for a market rent review)

##### Priorities

- > Continue to focus on market rent review outcomes
- > Balanced approach to rental growth mix (combination of CPI and fixed annual adjustments)



### Long-term value creation

#### Pro-active management of existing properties

##### Status<sup>1</sup>

- > Portfolio 97.4 per cent leased
- > Four properties being repositioned for large format retail
- > One property being repositioned for mixed use
- > One property being repositioned for multi-tenanted industrial
- > One property being rezoned for mixed use
- > Agreement for a Bunnings lease extension at one property
- > Agreement to divest two properties

##### Priorities

- > Continue to optimise the value of all properties in the portfolio

## Investment criteria

### PREFERRED PROPERTY ATTRIBUTES

- ✓ Significant catchment area
- ✓ Visible and accessible from a major road, highway or freeway
- ✓ Ready vehicle access and ample on-site parking
- ✓ Long-term occupancy and/ or higher and better use potential leveraging available options and strong tenant covenant
- ✓ Leases to businesses with strong financial and value creation attributes
- ✓ Geographic diversity
- ✓ Yield commensurate with risk

<sup>1</sup> Status as at 31 December 2023

<sup>2</sup> Source: UBS. Total returns include movement in security price and distributions (which are assumed to be reinvested). Annual compound returns.



This approach to business sees continuous focus on investment themes, drivers of returns and opportunities to create long-term value for BWP unitholders.

#### Sustainable portfolio returns supported by balance sheet flexibility

##### Status<sup>1</sup>

- > 10.3 per cent annualised portfolio return on invested capital
- > 17.1 per cent gearing

##### Priorities

- > Focus on long-term value creation by reinvesting in and growing the core portfolio of Bunnings Warehouse properties, and from maximising the alternative use prospects of a number of properties in the portfolio

#### Property location attributes

##### Status<sup>1</sup>

- > 80 per cent metropolitan
- > 20 per cent regional
- > 40 per cent of metropolitan properties within 20 kms of a central business district ("CBD")

##### Priorities

- > Well-located properties in local communities, accessible, adjacent to other retail/ community facilities
- > Highest and best use zoning

#### Well priced acquisitions and reinvestment

##### Status<sup>1</sup>

- > Two acquisition opportunities (Broadmeadows Homemaker Centre and Southport Showrooms) met risk adjusted return requirements during the period

##### Priorities

- > Reinvestment in existing portfolio
- > Acquisitions as and when it makes commercial sense to do so

#### Cost of funding

##### Status<sup>1</sup>

- > S&P A- and Moody's A3 rating re-affirmed

##### Priorities

- > Continue to diversify funding and extend duration of debt

#### Portfolio growth

##### Status<sup>1</sup>

- > Two properties were acquired during the period

##### Priorities

- > Acquisitions as and when value can be created

#### Effective management of the Trust and its capital

##### Status<sup>1</sup>

- > Ten-year average total unitholder return of 10.3 per cent<sup>2</sup> per annum

##### Priorities

- > Secure and growing income stream
- > Long-term capital growth
- > Improve energy efficiency and maintain net zero CO<sub>2</sub>e tonnes Scope 1 and 2 emissions

## Our core values

Respectful	Responsible	Resourceful	Responsive
We seek mutually beneficial relationships with all stakeholders	We are professional, honest and transparent in how we operate	We value simplicity and we focus on achieving effective and sustainable outcomes	We are agile and are responsive to stakeholders and opportunities
We treat others as we expect to be treated We are committed to having a safe and inclusive work environment	We are accountable for our actions We operate within the law	We make the most of opportunities We are financially focused and make decisions based on what creates value	We are agile, efficient and flexible in our approach We are focused on collaborative relationships and responsive opportunity assessment

# Half-year summary

AT 31 DECEMBER 2023

Overview

**\$ 57.9 million**

in line with the previous corresponding period

**DISTRIBUTABLE AMOUNT FOR THE SIX MONTH PERIOD**

**9.02 cents per unit**

in line with the previous corresponding period

**INTERIM DISTRIBUTION**

Business Review

**4.8%**

LIKE-FOR-LIKE RENTAL GROWTH FOR THE 12 MONTHS TO 31 DECEMBER 2023

**3.6 years**

WEIGHTED AVERAGE LEASE EXPIRY AT 31 DECEMBER 2023 WITH 97.4 PER CENT LEASED

Financial Report

**17.1%**

GEARING (DEBT/TOTAL ASSETS)

**4.2% per annum**

WEIGHTED AVERAGE COST OF DEBT FOR THE SIX MONTH PERIOD

Investor Information

**\$ 3.0 billion**

**PORTFOLIO VALUATION**

**\$ 3.74 per unit**

**NET TANGIBLE ASSETS**

# Financial and market performance

## Financial performance

Half-year ended 31 December		2023	2022
<b>INCOME &amp; EXPENSES</b>			
Total income	\$m	82.3	78.6
Total expenses	\$m	(24.9)	(21.2)
Profit before gains/(losses) in fair value of investment properties	\$m	57.4	57.4
Amounts released from undistributed income reserve	\$m	0.5	0.6
Distributable amount for the period	\$m	57.9	57.9
Management expense ratio <sup>1</sup> (annualised)	%	0.65	0.64
<b>PORTFOLIO VALUATION &amp; DISTRIBUTION</b>			
Property revaluation (losses)/gains <sup>2</sup>	\$m	(4.2)	53.9
Net profit including property revaluations	\$m	53.2	111.3
Number of units on issue	m	642	642
Distribution per ordinary unit	cents	9.02	9.02
Number of unitholders		22,521	23,770
Unit price at 31 December	\$	3.53	3.91
<b>INVESTMENT &amp; CASH GENERATION</b>			
Capital expenditure	\$m	8.4	3.7
Acquisitions of investment properties	\$m	32.0	1.5
Free cash flow	\$m	13.1	53.8
<b>CAPITAL STRUCTURE</b>			
Total assets	\$m	2,997.7	3,091.0
Borrowings	\$m	513.5	472.1
Unitholders' equity	\$m	2,401.0	2,539.7
Net tangible assets	\$ per unit	3.74	3.95
Weighted average cost of debt	% pa	4.2	3.3
Weighted average cap rate	%	5.53	5.05
Gearing (debt to total assets)	%	17.1	15.3

<sup>1</sup> Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

<sup>2</sup> After adjustments made for the straight-lining of rent.

## Market performance

BWP's performance compared to the Australian Real Estate Investment Trust ("A-REIT") sector for total returns over six months, one, three, five and 10 year periods, is shown in the following table:

### TOTAL RETURNS<sup>1</sup> COMPARED TO MARKET

Periods ended	6 months	1 year	3 years	5 years	10 years
31 Dec 2023	(%)	(%)	(%) <sup>2</sup>	(%) <sup>2</sup>	(%) <sup>2</sup>
BWP	(0.3)	(5.0)	(2.8)	4.8	10.3
S&P/ ASX 200 Property Accumulation Index	13.1	17.6	5.7	6.1	9.2

Source: UBS Australia

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

<sup>2</sup> Annual compound returns.

# Property portfolio

As at 31 December 2023	Gross lettable area <sup>1</sup> sqm	Annual rental <sup>2</sup> \$000	Valuation \$000
<b>Suburb</b>			
<b>WESTERN AUSTRALIA</b>			
Albany <sup>3</sup>	13,660	920	6,900
Australind	13,700	1,583	26,400
Balcatta	25,439	2,477	46,300
Belmont	10,381	1,584	28,400
Bibra Lake	14,141	1,946	35,400
Cockburn	12,839	1,884	34,300
Ellenbrook	15,337	2,305	41,900
Geraldton	17,874	1,480	21,900
Harrisdale	17,124	2,924	48,200
Joondalup	13,358	1,375	19,600
Mandurah	8,662	2,135	30,400
Midland	9,370	1,472	21,800
Morley	9,852	1,500	12,500
Port Kennedy <sup>6</sup>	9,557	-	10,000
Rockingham	15,188	2,517	45,800
<b>Total (15 properties)</b>	<b>206,482</b>	<b>26,104</b>	<b>429,800</b>
<b>VICTORIA</b>			
Bayswater	17,677	2,957	55,600
Broadmeadows	12,765	2,387	47,700
Broadmeadows Homemaker Centre	5,631	1,820	19,900
Caroline Springs	14,319	2,208	43,300
Coburg	24,504	5,673	86,200
Craigieburn	16,764	2,003	38,100
Croydon	15,543	2,463	49,400
Fountain Gate <sup>3</sup>	12,624	1,969	30,300
Frankston	13,843	2,610	49,600
Hawthorn	9,831	3,837	76,700
Maribyrnong	17,550	3,218	64,400
Mentone	8,271	2,510	34,500
Mornington	13,324	2,110	40,200
Northland <sup>3</sup>	13,006	2,308	37,500
Nunawading <sup>4</sup>	14,766	2,782	59,600
Pakenham	14,867	2,411	42,700
Port Melbourne	16,159	2,966	74,200
Scoresby	12,515	2,247	41,400
Springvale	13,458	2,486	49,600
Sunbury	15,270	2,167	41,200
Vermont South	16,634	2,588	47,000
<b>Total (21 properties)</b>	<b>299,319</b>	<b>55,722</b>	<b>1,029,100</b>
<b>AUSTRALIAN CAPITAL TERRITORY</b>			
Fyshwick <sup>5</sup>	6,648	1,505	29,900
Tuggeranong	11,857	2,036	40,700
<b>Total (2 properties)</b>	<b>18,505</b>	<b>3,541</b>	<b>70,600</b>
<b>SOUTH AUSTRALIA</b>			
Mile End	15,065	2,862	57,200
Noarlunga <sup>3</sup>	14,784	1,922	15,000
<b>Total (2 properties)</b>	<b>29,849</b>	<b>4,784</b>	<b>72,200</b>

As at 31 December 2023	Gross lettable area <sup>1</sup>	Annual rental <sup>2</sup>	Valuation
Suburb	sqm	\$000	\$000
<b>NEW SOUTH WALES</b>			
Artarmon	5,746	1,825	36,500
Belmont North <sup>6</sup>	12,640	-	10,000
Belrose	8,888	2,225	44,500
Dubbo	16,344	1,642	23,400
Greenacre	14,149	2,956	59,100
Hoxton Park	25,607	3,857	71,000
Lismore	9,892	1,602	26,700
Maitland	12,797	1,679	29,200
Minchinbury	16,557	3,325	66,500
Port Macquarie	7,387	1,631	22,800
Rydalmere	16,645	3,666	81,500
Thornleigh	5,301	1,642	33,000
Villawood	12,678	2,351	47,000
Wagga Wagga <sup>3</sup>	13,774	1,661	12,000
Wallsend	16,863	2,426	46,200
Wollongong	10,811	2,160	38,900
<b>Total (16 properties)</b>	<b>206,078</b>	<b>34,649</b>	<b>648,300</b>
<b>QUEENSLAND</b>			
Arundel	15,676	2,849	50,800
Bethania	13,494	2,317	40,600
Brendale	15,035	2,450	45,100
Browns Plains	18,398	3,767	59,100
Cairns	12,917	780	11,000
Cannon Hill	16,556	2,923	57,700
Fairfield Waters	13,645	1,857	28,400
Gladstone	21,516	4,166	54,800
Hervey Bay <sup>6</sup>	11,824	-	11,000
Manly West	13,021	2,675	47,100
Morayfield	12,507	2,116	35,300
Mount Gravatt	11,824	1,495	25,300
North Lakes	18,861	3,252	62,200
Rocklea	14,403	2,571	38,300
Smithfield	13,094	1,750	26,300
Southport	12,431	1,953	33,200
Southport Showrooms	2,382	607	10,000
Townsville North	14,038	2,076	32,200
West Ipswich	14,977	2,968	54,300
<b>Total (19 properties)</b>	<b>266,599</b>	<b>42,574</b>	<b>722,700</b>
<b>Grand Total (75 properties)</b>	<b>1,026,832</b>	<b>167,373</b>	<b>2,972,700</b>

Note: Totals and Grand Total adjusted for rounding

<sup>1</sup> For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse.

<sup>2</sup> Annual rental figures do not include access fees detailed below.

<sup>3</sup> Sites that Bunnings has or is in the process of vacating, that are still leased to Bunnings.

<sup>4</sup> Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$126,935 per annum.

<sup>5</sup> Includes adjoining property (1.0 hectares) for which Bunnings Group Limited pays the Trust an access fee of \$301,020 per annum.

<sup>6</sup> Vacant property that is no longer leased to Bunnings.

# Report to unitholders

The directors of BWP Management Limited (“BWPM”), 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 2023. Capitalisation rates for the Trust’s portfolio increased 15 basis points from 30 June 2023. Growth in rental income during the period largely offset the increase in capitalisation rates to support the valuation of the Trust’s existing portfolio.

Whilst property acquisitions with good potential for value creation over a reasonable timeframe remained difficult to find, the Trust saw an increased number of opportunities in the market to acquire properties on yields it considers to be more reflective of risk. To that end, the Trust completed acquisitions of the Broadmeadows Homemaker Centre in Victoria and the Southport Showrooms in Queensland for \$20.0 million and \$10.0 million, respectively, representing a weighted average initial yield of 6.8 per cent. Both sites are located adjacent to Trust-owned Bunnings Warehouses.

During the period the Trust focused on re-leasing, developing and divesting any properties vacated, or to be vacated, by Bunnings, and continued to work with Bunnings on improvements to individual properties in the portfolio. Reflecting its focus on portfolio renewal, the Trust announced in October 2023 the divestment of an ex-Bunnings Warehouse property at Wollongong, New South Wales, with the sale price of \$40.0 million representing an 81.8 per cent premium to the fair value of \$22.0 million (at 30 June 2023), resulting in a realised internal rate of return of 12.3 per cent per annum since the original acquisition. The divestment followed a detailed review of alternative uses for the property, with the sale deemed to be in the best interests of unitholders and demonstrating the Trust’s ability to leverage its development capability and external networks to create value by progressing the site’s future development for a higher and better use.

## Financial results

### FINANCIAL PERFORMANCE

Total income for the period was \$82.3 million, an increase of 4.7 per cent over the previous corresponding period. The \$3.7 million increase in rental income was due to annual rent increases and the rent contribution from properties acquired during the half.

Finance costs of \$10.5 million were 35.1 per cent higher than the previous corresponding period, due largely to the weighted average cost of debt increasing from 3.3 per cent to 4.2 per cent as a result of higher interest rates. The average level of borrowings increased from the previous corresponding period (\$502.4 million compared with \$473.6 million) reflecting the acquisition of two properties during the period. Average utilisation of debt facilities (average borrowings as a percentage of average facility limits) for the period was also higher than the previous corresponding period (81.2 per cent compared with 78.3 per cent).

Other operating expenses increased from \$4.5 million in the previous corresponding period to \$5.6 million in the current period, mainly due to increases in land tax payable and increased insurance costs.

Net profit for the period was \$53.2 million, after including \$4.2 million of unrealised losses in the fair value of investment properties. This compares with net profit for the previous corresponding period of \$111.3 million which included unrealised gains of \$53.9 million in the fair value of investment properties. Net profit excluding unrealised gains and losses of \$57.4 million for the period was consistent with the prior corresponding period.

### FINANCIAL POSITION

At 31 December 2023, the Trust's total assets were \$3.0 billion, with unitholders' equity of \$2.4 billion and total liabilities of \$596.8 million. The underlying net tangible asset backing of the Trust's units decreased marginally during the period, from \$3.75 per unit as at 30 June 2023, to \$3.74 per unit at 31 December 2023, reflecting the small unrealised loss on revaluation of investment properties (refer to the Revaluations section).

# Report to unitholders

(CONTINUED)

## Interim distribution

For the half-year the Trust reported a distributable amount of \$57.9 million, in line with the previous corresponding period, and which included a partial release of retained capital profits of \$0.5 million (31 December 2022: \$0.6 million). An interim distribution of 9.02 cents per ordinary unit has been declared, the same as the previous corresponding period (9.02 cents per unit). The interim distribution will be made on 28 February 2024 to unitholders on the Trust's register at 5:00 pm AWST on 31 December 2023.

## Property portfolio

### EXTENSION OF LEASE WITH BUNNINGS

In December 2023, the Trust reached agreement with Bunnings to extend the lease at Scoresby, Victoria. The new lease will commence on completion of works at the property, with \$1.4 million of works to be undertaken by the Trust. The parties have agreed to a new 10-year lease with three, five-year options exercisable by Bunnings. The annual rent will increase by CPI with market rent reviews every 10 years. There are no caps or collars on CPI or market rent reviews.

### CAPITAL EXPENDITURE

During the period, the Trust incurred capital expenditure of \$8.4 million comprising \$6.4 million on repositioning various properties and \$2.0 million spent on other improvements to the portfolio. Total capital expenditure of \$3.7 million was incurred in the prior corresponding period.

### ACQUISITIONS

In September 2023, the Trust acquired the Southport Showrooms in Queensland for \$10.0 million (excluding acquisition costs), and the Broadmeadows Homemaker Centre in Victoria for \$20.0 million (excluding acquisition costs) both from unrelated parties. Both properties adjoin Trust-owned Bunnings Warehouses.



## DIVESTMENTS

In October 2023, the Trust entered into an agreement with an unrelated third party for the divestment of the ex-Bunnings Warehouse property at Wollongong, New South Wales for \$40.0 million.

In October 2023, the Trust also entered into an agreement with an unrelated third party for the divestment of the ex-Bunnings Warehouse property at Albany, Western Australia for \$7.0 million.

Both transactions are unconditional with settlement expected to occur in June 2024.

## RELATED PARTY CAPITAL COMMITMENTS

In addition to previously announced capital commitments, in December 2023 the Trust committed to car park works at its Scoresby Bunnings Warehouse, Victoria at a cost of \$1.4 million.

## OCCUPANCY AND AVERAGE LEASE EXPIRY

At 31 December 2023 the portfolio was 97.4 per cent leased with a weighted average lease expiry term of 3.6 years (30 June 2023: 3.5 years, 31 December 2022: 3.6 years).

## Rent reviews

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

## ANNUAL ESCALATIONS

Rental growth of 4.5 per cent per annum was recorded for 53 of the Trust's leases which were subject to annual fixed or CPI reviews during the period. The rental growth achieved included weighted average increases in annual rent of 5.8 per cent for the 26 CPI reviews and 3.0 per cent for the 27 fixed reviews.

# Report to unitholders

## (CONTINUED)

### MARKET RENT REVIEWS

The market rent reviews that were due for three Bunnings Warehouses during the six months to 31 December 2023 remained in negotiation and unresolved at the end of the period.

The market rent reviews completed during the half-year are shown in the following table, recording a weighted average increase in rent of 4.2 per cent for the five reviews completed.

Property location	Passing rent (\$ pa)	Market review (\$ pa)	Variance (%)	Effective date
Craigieburn, VIC <sup>1,2</sup>	1,826,683	1,945,000	6.5	6-May-22
Scoresby, VIC <sup>1,3</sup>	2,007,781	2,100,000	4.6	1-Jun-22
Artarmon, NSW <sup>3,4</sup>	1,759,616	1,825,000	3.7	9-Feb-23
Belrose, NSW <sup>3,4</sup>	2,174,284	2,225,000	2.3	9-Feb-23
Villawood, NSW <sup>3,4</sup>	2,056,305	2,140,000	4.1	15-May-23
<b>Total/ weighted average</b>	<b>9,824,669</b>	<b>10,235,000</b>	<b>4.2</b>	

<sup>1</sup> The market rent review was due during the year ended 30 June 2022, but the outcome was only finalised during the current financial year.

<sup>2</sup> The market rent review was determined by an independent valuer.

<sup>3</sup> The market rent review was agreed between the parties.

<sup>4</sup> The market rent review was due during the year ended 30 June 2023, but the outcome was only finalised during the current financial year.

### LIKE-FOR-LIKE RENTAL GROWTH

Excluding rental income from properties acquired, upgraded or vacated and re-leased during or since the previous corresponding period, rental income increased by approximately 4.8<sup>1</sup> per cent for the 12 months to 31 December 2023 (compared to 4.0<sup>2</sup> per cent for the 12 months to 31 December 2022).

## Revaluations

During the half-year, the Trust's entire investment property portfolio was revalued, with property revaluations performed by independent valuers for 11 properties (16 properties in the prior corresponding period). The remaining 64 properties were subject to directors' revaluations.

Following the revaluations, the Trust's weighted average capitalisation rate for the portfolio at 31 December 2023 was 5.53 per cent (30 June 2023: 5.38 per cent; 31 December 2022: 5.05 per cent).

<sup>1</sup> The unresolved market reviews at 31 December 2023 are not included in the calculation of like-for-like rental growth.

<sup>2</sup> Previously disclosed as a 3.9 per cent increase but was updated following the finalisation of the four market rent reviews related to that period.

The value of the Trust's portfolio increased by \$36.1 million to \$2,972.7 million during the half-year following property acquisitions of \$32.0 million (including acquisition costs) and further capital expenditure of \$8.4 million, after adjusting for the straight-lining of rent and capitalised interest of \$0.1 million and less unrealised losses of \$4.2 million.

## Capital management

The Trust's debt facilities as at 31 December 2023 are summarised below.

	Limit (\$m)	Amount drawn (\$m)	Expiry date
<b>Bank debt facilities</b>			
Westpac Banking Corporation	135.0	49.8	30 April 2026
Commonwealth Bank of Australia	110.0	54.9	31 July 2025
Sumitomo Mitsui Banking Corporation	110.0	85.0	15 March 2027
Institutional term loan	75.0	75.0	29 November 2030
<b>Corporate bonds</b>			
Fixed term seven-year corporate bonds	150.0	150.0	10 April 2026
Fixed term seven-year corporate bonds	100.0	100.0	24 March 2028
	<b>680.0</b>	<b>514.7</b>	

During the period, the Trust entered into a \$75 million seven-year institutional term loan, maturing in November 2030, to further extend and diversify the Trust's sources of funding. The weighted average duration of the facilities as at 31 December 2023 was 3.1 years (31 December 2022: 3.7 years). The Trust's gearing ratio (debt to total assets) at 31 December 2023 was 17.1 per cent (30 June 2023: 15.8 per cent, 31 December 2022: 15.3 per cent) and remains below the Board's preferred range of 20 to 30 per cent, with lower gearing providing flexibility for the Trust to take advantage of investment opportunities to create long-term value when they arise.

The Trust has a policy of hedging the majority of its borrowings against interest rate movements. At 31 December 2023, the Trust's interest rate hedging cover was 51.5 per cent of gross borrowings, with \$265.0 million of fixed rate corporate bonds and interest rate swaps against gross borrowings of \$514.7 million. The weighted average term to maturity of hedging was 3.0 years (30 June 2023: 3.5 years, 31 December 2022: 4.1 years).

# Report to unitholders

(CONTINUED)

## Outlook

Rent reviews are expected to contribute incrementally to property income for the half-year to 30 June 2024, with 59 leases to be reviewed to the CPI or by a fixed percentage increase during the second half of the 2023/24 financial year (53 completed in the first half). In addition, three market rent reviews of Bunnings Warehouses are in the process of being finalised and are expected to be completed during the second half.

In delivering the Trust's strategic agenda of portfolio optimisation, profitable growth and portfolio renewal, the Trust's primary focus for the balance of the 2023/24 financial year remains on progressing the repurposing of ex-Bunnings properties in the portfolio, filling any vacancies, progressing and completing store upgrades, extending existing leases with Bunnings through the exercise of options, completing market rent reviews, and the continued rollout of energy efficiency improvements at its properties.

The Trust will also be active in assessing and actioning opportunities to grow the portfolio that will create value for the Trust, with a focus on reinvesting in its core retail portfolio to support tenant optimisation plans, acquiring accretively and growing the core portfolio and leveraging relationships to participate, over time, in adjacent addressable market growth.

In renewing the portfolio, the Trust will recycle actively by divesting non-core assets, re-allocating capital to higher value use, and reinvesting in growth initiatives to complement its core portfolio whilst maintaining a strong and flexible balance sheet.

## Subsequent event

### PROPOSED MERGER OF BWP TRUST AND NEWMARK PROPERTY REIT

On 24 January 2024, the Directors of BWPM, the responsible entity for the Trust, announced that the Trust had entered a Bid Implementation Deed ("BID") with Newmark REIT Management Limited ("NRML") as responsible entity of Newmark Property REIT (ASX:NPR) ("NPR") in relation to a proposal to merge BWP with NPR (the "Merger Proposal") by way of an off-market takeover.

The Merger Proposal is for an all-scrip transaction, pursuant to which NPR securityholders will receive 0.4 BWP units for every 1.0 NPR security held (the "Merger Ratio"). Based on BWP's closing price of \$3.47 on 23 January 2024, the Merger Ratio represents an implied price of \$1.39 per NPR security and for NPR represents a total equity value of \$246.8 million<sup>1</sup> and a total enterprise value of \$517.4 million<sup>2</sup>. The Merger Proposal is conditional upon a number of matters set out in the BID, including a minimum acceptance of 50.1 per cent of all NPR securities and other customary conditions.

As a result of the Merger Proposal, and consistent with the Terms of the Distribution Reinvestment Plan ("DRP"), the Directors have determined to suspend the DRP in respect of the interim distribution for the six month period ended 31 December 2023. BWP unitholders who had elected to participate in the DRP for the interim distribution will receive their distribution in the form of a direct credit into their nominated bank account on the expected distribution entitlement payment date of 28 February 2024.

For BWP Management Limited.



**Tony Howarth AO**

Chairman  
BWP Management Limited  
Perth, 7 February 2024



**Mark Scatena**

Managing Director  
BWP Management Limited  
Perth, 7 February 2024

<sup>1</sup> Equity value is calculated by multiplying the Merger Price by the NPR securities on issue of 177.8 million. (As announced by BWP Trust on 24 January 2024).

<sup>2</sup> Enterprise value is calculated by adding the equity value of \$246.8 million with NPR's net debt as at 31 December 2023. (As announced by BWP Trust on 24 January 2024).

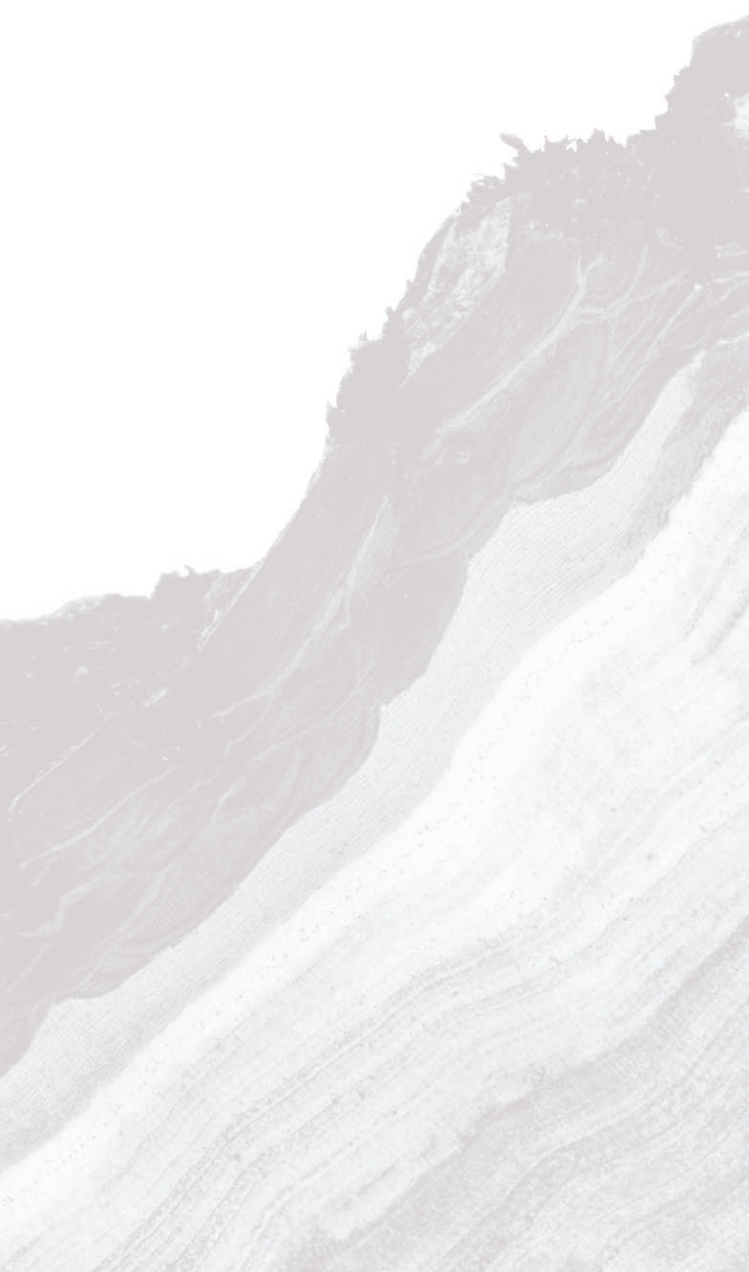
**BUNNINGS WAREHOUSE  
& SOUTHPORT SHOWROOMS**  
SOUTHPORT  
QLD



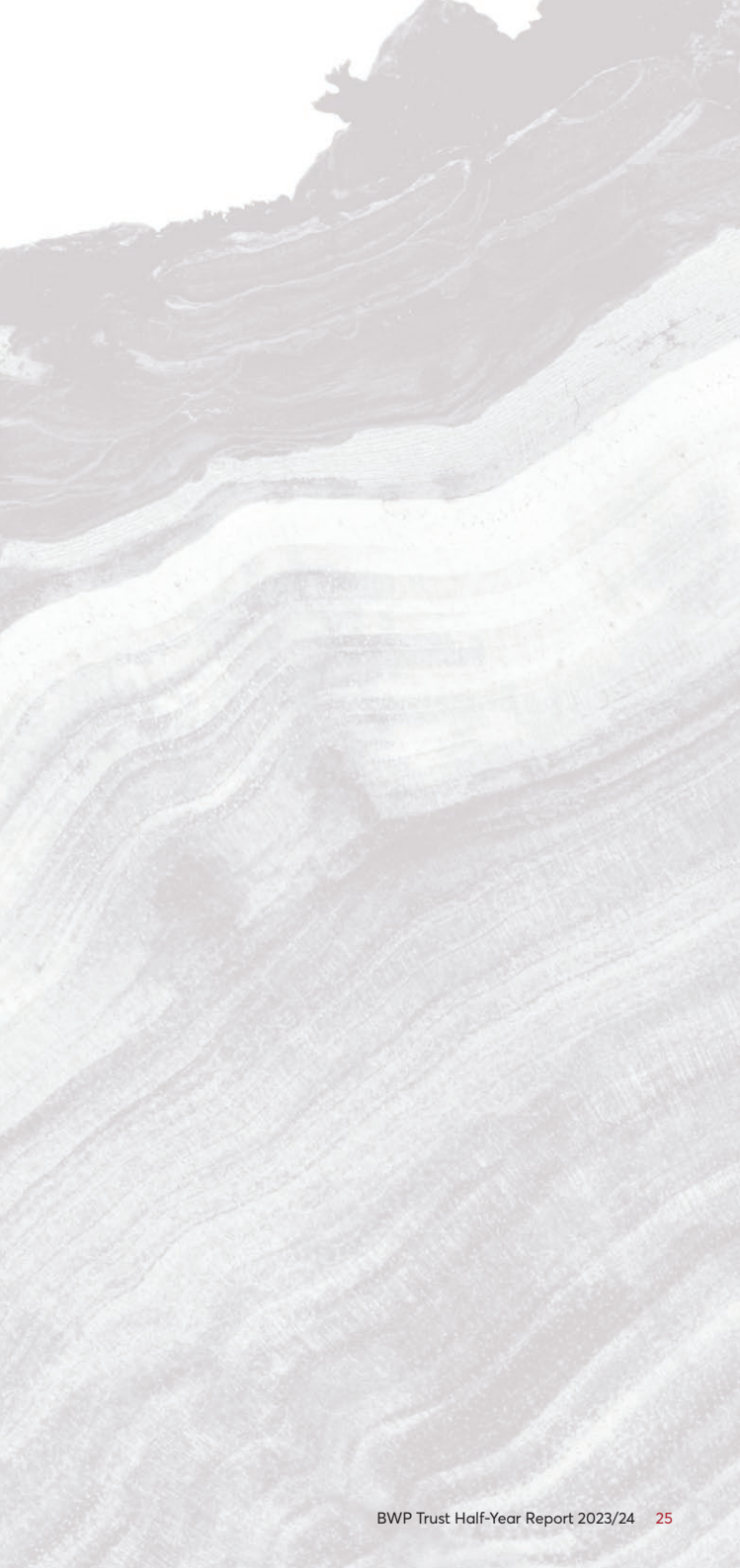


# Financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023







# Statement of profit or loss and other comprehensive income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Dec 2023 \$000	Dec 2022 \$000
Rental income		81,924	78,186
Other property income		214	320
Finance income		175	119
<b>Total revenue</b>		<b>82,313</b>	<b>78,625</b>
Finance costs		(10,524)	(7,787)
Responsible entity's fees		(8,773)	(8,928)
Other operating expenses		(5,556)	(4,543)
<b>Total expenses</b>		<b>(24,853)</b>	<b>(21,258)</b>
Profit before gains/(losses) on investment properties		57,460	57,367
Unrealised (losses)/gains in fair value of investment properties		(4,232)	53,937
<b>Profit for the period attributable to unitholders of BWP Trust</b>		<b>53,228</b>	<b>111,304</b>
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges:			
- Realised gains transferred to profit or loss		(56)	-
- Unrealised losses on cash flow hedges		(150)	-
<b>Total comprehensive income for the period attributable to the unitholders of BWP Trust</b>		<b>53,022</b>	<b>111,304</b>
<b>Basic and diluted earnings (cents per unit)</b>	2	<b>8.29</b>	17.33

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 2023

	Note	Dec 2023 \$'000	Jun 2023 \$'000	Dec 2022 \$'000
<b>ASSETS</b>				
<i>Current assets</i>				
Cash		18,876	16,832	22,644
Receivables and prepayments		6,032	6,420	7,543
Assets held for sale	3	45,800	-	2,636
<b>Total current assets</b>		<b>70,708</b>	<b>23,252</b>	<b>32,823</b>
<i>Non-current assets</i>				
Investment properties	3	2,926,900	2,936,600	3,058,164
Derivative financial instruments		134	340	-
<b>Total non-current assets</b>		<b>2,927,034</b>	<b>2,936,940</b>	<b>3,058,164</b>
<b>Total assets</b>		<b>2,997,742</b>	<b>2,960,192</b>	<b>3,090,987</b>
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
Payables and deferred income		25,319	26,290	21,223
Distribution payable	4	57,943	59,549	57,943
<b>Total current liabilities</b>		<b>83,262</b>	<b>85,839</b>	<b>79,166</b>
<i>Non-current liabilities</i>				
Interest-bearing loans and borrowings	5	513,521	468,473	472,121
<b>Total non-current liabilities</b>		<b>513,521</b>	<b>468,473</b>	<b>472,121</b>
<b>Total liabilities</b>		<b>596,783</b>	<b>554,312</b>	<b>551,287</b>
<b>Net assets</b>		<b>2,400,959</b>	<b>2,405,880</b>	<b>2,539,700</b>
<b>EQUITY</b>				
<i>Equity attributable to unitholders of BWP Trust</i>				
Issued capital	6	945,558	945,558	945,558
Hedge reserve		134	340	-
Undistributed income		1,455,267	1,459,982	1,594,142
<b>Total equity</b>		<b>2,400,959</b>	<b>2,405,880</b>	<b>2,539,700</b>

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 2023

	Dec 2023 \$000	Dec 2022 \$000
<b>Cash flows from operating activities</b>		
Rent received	91,749	87,483
Payments to suppliers	(16,452)	(11,625)
Payments to the responsible entity	(8,857)	(8,722)
Finance income	175	119
Finance costs	(10,347)	(7,100)
<b>Net cash flows from operating activities</b>	<b>56,268</b>	<b>60,155</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of, and additions to, investment properties	(43,129)	(6,335)
<b>Net cash flows used in investing activities</b>	<b>(43,129)</b>	<b>(6,335)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	75,000	16,518
Repayment of borrowings	(26,546)	-
Distributions paid	(59,549)	(59,549)
<b>Net cash flows used in financing activities</b>	<b>(11,095)</b>	<b>(43,031)</b>
Net increase in cash	2,044	10,789
Cash at the beginning of the period	16,832	11,855
<b>Cash at the end of the period</b>	<b>18,876</b>	<b>22,644</b>

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 2023

	Issued capital \$000	Hedge Reserve \$000	Undistributed income \$000	Total \$000
<b>Balance at 1 July 2022</b>	945,558	-	1,540,781	2,486,339
Profit for the period attributable to unitholders of BWP Trust	-	-	111,304	111,304
<b>Total comprehensive income for the period</b>	-	-	111,304	111,304
Distributions to unitholders	-	-	(57,943)	(57,943)
<b>Total transactions with unitholders of BWP Trust</b>	-	-	(57,943)	(57,943)
<b>Balance at 31 December 2022</b>	945,558	-	1,594,142	2,539,700
<b>Balance at 1 July 2023</b>	945,558	340	1,459,982	2,405,880
Profit for the period attributable to unitholders of BWP Trust	-	-	53,228	53,228
Other comprehensive loss: Effective portion of changes in fair value of cash flow hedges	-	(206)	-	(206)
<b>Total comprehensive (loss)/income for the period</b>	-	(206)	53,228	53,022
Distributions to unitholders	-	-	(57,943)	(57,943)
<b>Total transactions with unitholders of BWP Trust</b>	-	-	(57,943)	(57,943)
<b>Balance at 31 December 2023</b>	945,558	134	1,455,267	2,400,959

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 2023

## 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 2023 were authorised for issue in accordance with a resolution of the directors on 7 February 2024. 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 using the same significant accounting policies as those applied by the Trust in its financial statements for the year ended 30 June 2023;
- > 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 Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, 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 2023 which are available upon request from the Trust’s registered office at Level 14, Brookfield Tower 2, 123 St Georges Terrace, Perth WA 6000 or at [bwptrust.com.au](http://bwptrust.com.au) and considered together with any public announcements made by the Trust during the half-year ended 31 December 2023 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 2023

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

	Dec 2023	Dec 2022
Basic and diluted earnings per unit (cents per unit)	8.29	17.33
Basic and diluted earnings per unit excluding gains/(losses) in fair value of properties (cents per unit)	8.94	8.93
Interim distribution per unit (cents per unit)	9.02	9.02
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	642,383,803	642,383,803

## 3 INVESTMENT PROPERTIES

	Dec 2023 \$000	Dec 2022 \$000
Balance at the beginning of the period	2,936,600	3,001,200
Acquisitions during the period	32,006	1,548
Reclassification to assets held for sale	(45,800)	(2,636)
Capital improvements during the period	8,414	3,681
Interest capitalised during the period	167	25
Straight-line lease income	(255)	409
Net unrealised (losses)/gains from fair value adjustments	(4,232)	53,937
<b>Balance at the end of the period</b>	<b>2,926,900</b>	<b>3,058,164</b>

In September 2023, the Trust acquired for \$10.0 million (excluding acquisition costs) Southport Showrooms in Queensland and for \$20.0 million (excluding acquisition costs) Broadmeadows Homemaker Centre in Victoria, both from unrelated parties. Both properties adjoin Trust-owned Bunnings Warehouses.

# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## 3 INVESTMENT PROPERTIES (CONTINUED)

### (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 2023, 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 2023 annual financial statements.

In determining fair values as at 31 December 2023 due consideration has been given to interest rate movements and the impact of this on property capitalisation rates.

### (b) Capital expenditure

During the period, the Trust invested \$6.4 million on repositioning various properties and \$2.0 million was spent on other improvements to the portfolio.

### (c) Assets held for sale

At 31 December 2023 the ex-Bunnings Warehouses at Albany, WA and Wollongong, NSW are under contract for sale and both expected to settle within the next six months.



# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## 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, as well as other items as determined by the directors are not included in the profit available for distribution to unitholders. A reconciliation is provided below:

	Dec 2023 \$000	Dec 2022 \$000
Profit for the period attributable to unitholders of BWP Trust	53,228	111,304
Capital profits released from undistributed profit	480	570
Net unrealised losses/(gains) in fair value of investment properties	4,232	(53,937)
Distributable profit for the period	57,940	57,937
Opening undistributed profit	7	13
Closing undistributed profit	(4)	(7)
<b>Distributable amount</b>	<b>57,943</b>	<b>57,943</b>
<b>Distribution (cents per unit)</b>	<b>9.02</b>	<b>9.02</b>

The recording of the distribution payable at each reporting date as a current liability has resulted in the Trust's current liabilities exceeding its current assets as at 31 December 2023 by \$12.6 million. This is a timing issue, as the Trust repays its interest-bearing loans and borrowings during the period from net profit and draws its interest-bearing loans and borrowings when distribution payments are made in August and February of each year.

# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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## 5 INTEREST-BEARING LOANS AND BORROWINGS

As at 31 December 2023 the Trust had the following borrowings:

	Expiry date	Limit \$000	Amount drawn \$000
<b>Bank debt facilities</b>			
Westpac Banking Corporation	30 April 2026	135,000	49,800
Commonwealth Bank of Australia	31 July 2025	110,000	54,900
Sumitomo Mitsui Banking Corporation	15 March 2027	110,000	85,000
Institutional term loan	29 November 2030	75,000	75,000
		<b>430,000</b>	<b>264,700</b>
<b>Corporate bonds</b>			
Fixed term seven-year corporate bonds	10 April 2026	150,000	150,000
Fixed term seven-year corporate bonds	24 March 2028	100,000	100,000
Prepaid interest and borrowing costs			(1,179)
		<b>250,000</b>	<b>248,821</b>
		<b>680,000</b>	<b>513,521</b>

During the period the Trust entered into a \$75 million seven-year institutional term loan, maturing in November 2030, with the Commonwealth Bank of Australia appointed as the paying agent.

## 6 ISSUED CAPITAL

During the period no new units (2022: nil) were issued under the Trust's distribution reinvestment plan therefore the number of ordinary units on issue as at 31 December 2023 remained at 642,383,803. The distribution reinvestment plan was suspended for the interim distribution for the half-year ended 31 December 2023.

## 7 SEGMENT REPORTING

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

# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## 8 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 2023 \$000	Jun 2023 \$000
Corporate bonds – book value <sup>1</sup>	(251,593)	(252,473)
Corporate bonds – fair value	(232,117)	(225,431)

<sup>1</sup> Current period includes \$2.8 million of accrued interest which has been recorded as a current liability.

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).

### (b) Financial risk management – credit risk

No further allowance for impairment in respect of receivables has been made during the current period (2022: \$0.4 million). The total provision remains at \$1.0 million. Based on historical default rates, the Trust believes that no other impairment allowance is necessary.

Other aspects of the Trust's financial risk management objectives and policies are consistent with those disclosed in the 30 June 2023 annual financial statements.

# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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## 9 CAPITAL EXPENDITURE COMMITMENTS

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

	Dec 2023 \$000	Jun 2023 \$000
<b>Not later than one year:</b>		
Related parties	29,900	28,500
Unrelated parties	23,000	-
	<b>52,900</b>	<b>28,500</b>

### Capital commitments to related parties

#### Scoresby, Victoria

In December 2023, the Trust committed to car park works at its Scoresby Bunnings Warehouse, Victoria at a cost of \$1.4 million.

#### Dubbo, New South Wales

In August 2022, the Trust committed to acquire from Bunnings adjoining land and expand its Dubbo Bunnings Warehouse, New South Wales at a cost of \$14.0 million.

#### Coburg, Victoria

In February 2022, the Trust committed to additional funding of \$1.0 million to expand its Coburg Bunnings Warehouse, Victoria with the total commitment increasing to \$3.5 million. To date \$1.5 million has been spent.

#### Lismore, New South Wales

In August 2021, the Trust committed to expand its Lismore Bunnings Warehouse, New South Wales at a cost of \$11.3 million.

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

# Notes to the financial statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## 9 CAPITAL EXPENDITURE COMMITMENTS (CONTINUED)

### Capital commitments to unrelated parties

#### Hervey Bay, Queensland

In September 2023, the Trust committed to redevelop the ex-Bunnings Warehouse at Hervey Bay, Queensland at a cost of \$20.7 million.

#### Hoxton Park, New South Wales

In September 2023, the Trust committed to tenancy reconfiguration works at Hoxton Park, New South Wales at a cost of \$2.3 million.

## 10 RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2023 annual financial statements, along with Note 9 of these financial statements.

## 11 SUBSEQUENT EVENTS

Refer to Directors' report.

# Directors' report

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 and ended 31 December 2023 and review report thereon. The information on pages 14 to 21 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:

- > Tony Howarth AO (Chairman)
- > Danielle Carter
- > Fiona Harris AM
- > Alison Quinn
- > Mike Steur
- > Mark Scatena (Managing Director) (appointed 26 September 2023)
- > Michael Wedgwood (Managing Director) (retired 22 September 2023)

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 2023 and the results of those operations are reviewed on pages 14 to 21 of this report and the accompanying financial statements.

	Dec 2023 \$000	Dec 2022 \$000
Profit for the period attributable to unitholders of BWP Trust	53,228	111,304
Capital profits released from undistributed profit	480	570
Net unrealised losses/(gains) in fair value of investment properties	4,232	(53,937)
Distributable profit for the period	57,940	57,937
Opening undistributed profit	7	13
Closing undistributed profit	(4)	(7)
<b>Distributable amount</b>	<b>57,943</b>	<b>57,943</b>

The interim distribution is 9.02 cents per ordinary unit (2022: 9.02 cents). This interim distribution will be paid on 28 February 2024.

### UNITS ON ISSUE

At 31 December 2023, 642,383,803 units of BWP Trust were on issue (30 June 2023: 642,383,803).

### AUDITOR INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 41 and forms part of the directors' report for the half-year ended 31 December 2023.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

### Proposed Merger of BWP Trust and Newmark Property REIT

On 24 January 2024, the Directors of BWPM<sup>1</sup> the responsible entity for the Trust, announced that the Trust had entered a Bid Implementation Deed ("BID") with Newmark REIT Management Limited ("NRML") as responsible entity of Newmark Property REIT (ASX:NPR) ("NPR") in relation to a proposal to merge BWP with NPR (the "Merger Proposal") by way of an off-market takeover.

The Merger Proposal is for an all-scrip transaction, pursuant to which NPR securityholders will receive 0.4 BWP units for every 1.0 NPR security held (the "Merger Ratio"). Based on BWP's closing price of \$3.47 on 23 January 2024, the Merger Ratio represents an implied price of \$1.39 per NPR security and for NPR represents a total equity value of \$246.8 million<sup>2</sup> and a total enterprise value of \$517.4 million<sup>3</sup>. The Merger Proposal is conditional upon a number of matters set out in the BID, including a minimum acceptance of 50.1 per cent of all NPR securities and other customary conditions.

As a result of the Merger Proposal, and consistent with the Terms of the Distribution Reinvestment Plan ("DRP"), the Directors have determined to suspend the DRP in respect of the interim distribution for the six month period ended 31 December 2023. BWP unitholders who had elected to participate in the DRP for the interim distribution will receive their distribution in the form of a direct credit into their nominated bank account on the expected distribution entitlement payment date of 28 February 2024.

No other matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Trust in subsequent financial periods.

### ROUNDING OFF

The amounts contained in this report and the financial statements have been rounded to the nearest thousand dollars under the option available to the Trust under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated. The Trust is an entity to which the Class Order applies.

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



### Tony Howarth AO

Chairman  
BWP Management Limited  
Perth, 7 February 2024

<sup>1</sup> By reason of potential conflict Danielle Carter did not participate in and has recused herself from matters concerning the Merger Proposal.

<sup>2</sup> Equity value is calculated by multiplying the Merger Price by the NPR securities on issue of 177.8 million. (As announced by BWP Trust on 24 January 2024).

<sup>3</sup> Enterprise value is calculated by adding the equity value of \$246.8 million with NPR's net debt as at 31 December 2023. (As announced by BWP Trust on 24 January 2024).

# Directors' declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 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.



**Tony Howarth AO**

Chairman  
BWP Management Limited  
Perth, 7 February 2024



# Auditor's independence declaration



FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

### To the Directors of BWP Management Limited as the responsible entity of BWP Trust

I declare that, to the best of my knowledge and belief, in relation to the review of BWP Trust for the half-year ended 31 December 2023 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
- (i) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Jane Bailey

**Jane Bailey**

Partner  
Perth, 7 February 2024

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# Independent auditor's review report

## TO THE UNITHOLDERS OF BWP TRUST

### REPORT ON THE HALF-YEAR FINANCIAL REPORT

#### Conclusion

We have reviewed the accompanying *Half-year Financial Report* of BWP Trust (the Trust).

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 does not comply with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (i) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Half-year Financial Report* comprises the:

- > Statement of financial position as at 31 December 2023
- > 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
- > The Directors' Declaration.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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## Responsibilities of the Directors 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*
- > such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2023 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*.

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.

KPMG

KPMG

**Jane Bailey**Partner  
Perth, 7 February 2024

# Directory

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## RESPONSIBLE ENTITY

BWP Management Limited  
ABN 26 082 856 424

Level 14, Brookfield Place Tower 2,  
123 St Georges Terrace,  
Perth WA 6000

Telephone: +61 8 9327 4356  
Facsimile: +61 8 9327 4344  
[bwptrust.com.au](http://bwptrust.com.au)

## DIRECTORS

Tony Howarth AO (Chairman)  
Mark Scatena (Managing Director)  
Danielle Carter  
Fiona Harris AM  
Alison Quinn  
Mike Steur

## COMPANY SECRETARY

Karen Lange

## REGISTRY MANAGER

Computershare Investor Services  
Pty Limited

Level 17, 221 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](http://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.

## DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan has been suspended for the interim distribution for the current period.

## ELECTRONIC PAYMENT OF DISTRIBUTIONS

All distributions to unitholders in Australia are by direct credit only to the unitholder's nominated account. Unitholders may nominate a bank, building society or credit union account for the payment of distributions by direct credit. Payments are electronically credited on the distribution date and confirmed either by an electronic or mailed payment advice. Unitholders wishing to take advantage of payment by direct credit can provide their banking instructions online by logging onto [investorcentre.com/au](http://investorcentre.com/au). Alternatively, unitholders can request the relevant forms by contacting the registry.

## PUBLICATIONS

The annual report is the main source of information for unitholders. In addition, unitholders are sent a half-year report in February each year providing a review, in summary, of the six months to December.

Periodically, the Trust may also send releases to the ASX covering matters of relevance to investors.

## WEBSITE

The Trust's website, [bwptrust.com.au](http://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.

## ANNUAL TAX STATEMENTS

Accompanying the final distribution payment in August or September each year will be an annual tax statement which details any tax advantaged components of the year's distribution, if applicable.

## PROFIT DISTRIBUTIONS

Profit distributions are paid twice yearly, normally in February and August.

## UNITHOLDER ENQUIRIES

Please contact the Registry Manager if you have any questions about your unitholding or distributions.

## COMPLAINTS HANDLING

Complaints made in regard to BWP Trust should be directed to the Managing Director, BWP Management Limited, Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000. 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](http://bwptrust.com.au).

## EXTERNAL DISPUTES RESOLUTION

Should a complainant be dissatisfied with the decision made by the responsible entity in relation to a complaint, the complainant is entitled to lodge a dispute with the Australian Financial Complaints Authority (AFCA), an independent external dispute resolution (EDR) scheme authorised by the Minister for Revenue and Financial Services to deal with complaints from consumers in the financial system. AFCA can be contacted by telephone on 1800 931 678 (free call), by email to [info@afca.org.au](mailto:info@afca.org.au), by fax to (03) 9613 6399, by mail addressed to Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne VIC 3001, or by visiting their website at [afca.org.au](http://afca.org.au).



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