

14 August 2024

The Manager
Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

BWP results for the full-year ended 30 June 2024

In accordance with ASX Listing Rule 4.3A, the following documents are attached to this letter for release to the market:

- > Appendix 4E
- > Full-year 2024 results

The following will also be released in conjunction with today's results release:

- > 2024 Annual Report
- > Full-year 2024 results investor presentation
- > 2024 Corporate Governance Statement
- > Appendix 4G (Key to Corporate Governance disclosures)
- > Dividend/Distribution – BWP (Actual)

It is recommended that the full-year results announcement be read in conjunction with the Annual Report and accompanying ASX releases for a more detailed review of BWP's activities and financial performance for the year ended 30 June 2024 and the outlook for the year ahead.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **14 August 2024** at **8.00AM AWST** (10.00AM AEST).

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

Yours faithfully



K A Lange
Company Secretary

ASX release

14 August 2024

APPENDIX 4E

FINANCIAL YEAR ENDED 30 JUNE 2024

		30 June 2024	30 June 2023	Variance %
RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenue from ordinary activities	\$000	174,460	158,156	10.3
Profit before fair value movements	\$000	119,265	113,555	5.0
Gains/(losses) in fair value of investment properties and derivatives	\$000	60,957	(76,862)	n.m.
Profit from ordinary activities attributable to unitholders	\$000	180,222	36,693	391.2
Net tangible assets per unit	\$	3.79	3.75	1.1
DISTRIBUTIONS				
Interim distribution paid	\$000	57,943	57,943	-
Final distribution paid ¹	\$000	66,143	59,549	11.1
Interim distribution paid	cents	9.02	9.02	-
Final distribution paid	cents	9.27	9.27	-

Record date for determining entitlements to the final distribution 28 June 2024

Payment date for the final distribution 28 August 2024

¹ Final distribution is higher as a result of additional units issued in BWP Trust during the year ended 30 June 2024 as consideration for BWP Trust's acquisition of 100 per cent of the issued securities in Newmark Property REIT.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was suspended for the interim distribution but was in place for the final distribution for the year ended 30 June 2024.

Audit

This report is based on accounts that have been audited.

Commentary on the results for the year

The commentary on the results for the year is contained in the ASX release dated 14 August 2024 accompanying this statement.

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

ASX release

14 August 2024

FULL-YEAR RESULTS TO 30 JUNE 2024

The directors of BWP Management Limited, the responsible entity for BWP Trust ("BWP" or "the Trust"), today announced the results of the Trust and its controlled entities (collectively the "Group") for the financial year ended 30 June 2024.

Net profit including fair value movements for the year ended 30 June 2024 was \$180.2 million, including \$61.0 million in net unrealised gains in the fair value of investment properties and derivatives. This compares with net profit last year of \$36.7 million.

BWP reported a full-year distribution of 18.29 cents per ordinary unit, the same as reported for the prior corresponding period. In the year to 30 June 2024, BWP released \$1.8 million of capital profits.

BWP completed the acquisition of two individual properties, Southport Showrooms, Queensland and Broadmeadows Homemaker Centre, Victoria, for \$10.0 million and \$20.0 million respectively, representing a weighted average initial yield of 6.8 per cent. These acquired sites afford potential options for Bunnings' expansion, over time, and enable additional income generation for BWP through expanded retail envelopes and gross lettable area.

These incremental, adjacent acquisitions were in addition to the \$540 million acquisition of Newmark Property REIT ("NPR") completed in June 2024. The acquisition, announced in January 2024, saw BWP Management Limited enter into a Bid Implementation Deed with Newmark REIT Management Limited, the responsible entity of NPR. This merger of BWP and NPR was completed by way of an off-market takeover, with the merger comprising an all-scrip transaction where NPR securityholders received 0.4 BWP units for every 1.0 NPR security held.

The merger provided BWP with nine high quality properties, with the transaction reflecting BWP's capabilities and capacity in leveraging its capital structure to grow the portfolio through complementary assets resulting in a combined portfolio of \$3.5 billion. The acquisition also provides a platform for income and capital growth, consistent with BWP's objective of providing unitholders with a secure and growing income stream and long-term capital growth.

Post-merger activities are well advanced and synergies are expected from the combination of the two listed entities and the integration of the NPR portfolio into the larger BWP portfolio, as well as the refinancing of NPR's debt which was successfully completed in June 2024. Importantly, BWP's strong capital position has been maintained post-acquisition, with gearing remaining at the lower end of BWP's target range, affording BWP continued financial flexibility and capacity.



Progress continued in repurposing and re-leasing properties vacated by Bunnings. The successful repurposing of the Hervey Bay, Queensland property was completed in June 2024, with new leases entered into with a number of national tenants, including retailers Amart and the ASX-listed Super Retail Group. A development application was also submitted for the repurposing of the ex-Bunnings Warehouse property Fountain Gate, Victoria, with a leasing campaign commencing during the year.

The expansions of the Lismore, New South Wales and Coburg, Victoria Bunnings Warehouses were both completed in June 2024, with new 10-year leases entered into. These expansions support the selling space expansion, range extension and format evolution of these Bunnings Warehouses. The Dubbo, New South Wales Bunnings Warehouse is expected to be completed during the second half of the 2025 financial year.

Reflecting its focus on portfolio renewal, during the year BWP completed divestments to unrelated third parties for its sites at Wollongong, New South Wales; Albany, Western Australia and Belmont North, New South Wales. A marketing campaign was also commenced for the sale of the ex-Bunnings Warehouse at Port Kennedy, Western Australia, following development approval being secured to enable its repurposing.

Market rent reviews on six properties (including five Bunnings Warehouse properties) were finalised during the year, with an average 4.4 per cent increase realised.



2023/24 full-year portfolio highlights

- > Like-for-like rental growth of 4.2 per cent for the 12 months to 30 June 2024 (4.9 per cent in the prior year), which incorporates the average inflation on Consumer Price Index (“CPI”) linked leases of 5.3 per cent
- > Six market rent reviews (including five Bunnings Warehouse properties) finalised during the year, with rents increased 4.4 per cent on prevailing rent
- > Total income for the year ended 30 June 2024 was \$174.5 million, up 10.3 per cent on the previous year
- > Final distribution of 9.27 cents, bringing the full-year ordinary distribution to 18.29 cents, in line with the previous year
- > Taking into account green electricity purchased and ACCUs surrendered during the period, the Group’s net Scope 2 emissions position for the year ended 30 June 2024 was zero tonnes CO₂e
- > Weighted average cost of debt was 4.4 per cent for the year and 4.6 per cent at year end
- > Weighted average lease expiry (“WALE”) of 3.8 years at 30 June 2024 which compares to 3.5 years at 30 June 2023
- > Weighted average capitalisation rate for the portfolio at 30 June 2024 was 5.54 per cent (December 2023: 5.53 per cent; June 2023: 5.38 per cent).
- > Portfolio 99.1 per cent leased (97.1 per cent in the prior year)
- > Net tangible assets of \$3.79 per unit at 30 June 2024 (2023: \$3.75 per unit), up 1.1 per cent on the previous year
- > Gearing (debt/total assets) of 21.5 per cent at 30 June 2024 (15.8 per cent at 20 June 2023)



Financial summary

Year ended 30 June			2024	2023
INCOME & EXPENSES				
Total income	\$m		174.5	158.2
Total expenses	\$m		(55.2)	(44.6)
Profit before fair value movements	\$m		119.3	113.6
Amounts released from undistributed income reserve	\$m		5.2¹	3.9
Distributable amount for the period	\$m		124.1	117.5
Management expense ratio ² (annualised)	%		0.66	0.64
PORTFOLIO VALUATION & DISTRIBUTION				
Property & derivative revaluation gains/(losses) ³	\$m		61.0	(76.9)
Net profit including fair value movements	\$m		180.2	36.7
Number units on issue		m	714	642
Distribution per ordinary unit	interim	cents	9.02	9.02
	final	cents	9.27	9.27
	total	cents	18.29	18.29
Number unitholders			23,754	22,964
Unit price at 30 June	\$		3.46	3.63
INVESTMENT & CASH GENERATION				
Capital expenditure	\$m		41.9	14.3
Acquisitions of investment properties	\$m		572.0	-
Free cash flow	\$m		105.6	109.6
CAPITAL STRUCTURE				
Total assets	\$m		3,586.3	2,960.2
Borrowings	\$m		771.6	468.5
Unitholders' equity	\$m		2,707.6	2,405.9
Net tangible assets	\$ per unit		3.79	3.75
Weighted average cost of debt	% pa		4.4	3.6
Weighted average cap rate	%		5.54	5.38
Gearing (debt to total assets)	%		21.5	15.8

Figures above are subject to rounding

¹ Includes \$3.4 million for the release of the preacquisition NPR distribution received.

² Expenses other than property outgoings and borrowing costs as a percentage of average total assets.

³ After adjustments made for straight-lining of rent.

Income and expenses

Total income for the year to 30 June 2024 was \$174.5 million, 10.3 per cent above last year. Rental and other property income was \$15.8 million higher largely due to the NPR, Broadmeadows Homemaker Centre and Southport Showrooms acquisitions, along with annual increases in rent.

Finance costs of \$25.8 million were 54.5 per cent higher than last year due to a higher weighted average cost of debt and a higher level of average borrowings for the year. The weighted average cost of debt for the year (finance costs as a percentage of average borrowings) was 4.4 per cent, compared to 3.6 per cent for the previous year, reflecting the higher interest rate environment. The average level of borrowings was 24.2 per cent higher than the previous year (\$587.5 million compared with \$473.0 million), which was largely due to NPR debt acquired as part of the acquisition.



Other operating expenses were 7.8 per cent higher than the previous year at \$10.8 million (\$10.0 million in the previous year), largely due to increases in land tax payable, other property outgoings and insurance premiums.

Net profit and financial position

For the year ended 30 June 2024, net profit was \$180.2 million, including \$61.0 million in net unrealised gains in the fair value of investment properties and derivatives. This compares with net profit last year of \$36.7 million, which included unrealised losses of \$76.9 million in the fair value of investment properties.

As at 30 June 2024, the Group's total assets were \$3.6 billion (2023: \$3.0 billion) with unitholders' equity of \$2.7 billion and total liabilities of \$879 million. Investment properties made up the majority of total assets, comprising \$3.5 billion (2023: \$2.9 billion).

The net tangible asset backing of BWP's units ("NTA") was \$3.79 per unit at 30 June 2024, an increase of 1.1 per cent on last year (\$3.75 per unit at 30 June 2023). The increase in NTA was due to an increase in property valuations and the impact of the NPR acquisition.

Property revaluations

The entire portfolio was revalued at 31 December 2023 and again at 30 June 2024 including 19 property revaluations performed by independent valuers (11 at 31 December 2023 and eight at 30 June 2024). Properties not independently revalued at each balance date are subject to internal valuations.

The value of the Group's portfolio increased by a net amount of \$608.0 million to \$3,544.6 million during the year following acquisitions of \$572.0 million and capital expenditure of \$41.9 million, adjusting for the straight-lining of rent and capitalised interest of \$0.5 million and net proceeds from divestments of \$66.7 million before adding unrealised gains of \$61.3 million.

Capital management

Optimising the funding of the Group was a large focus during the year where, during the first half, BWP entered into a \$75 million seven-year institutional term loan, maturing in November 2030, to further extend and diversify BWP's sources of funding. In addition, in June 2024, BWP successfully completed the refinancing of NPR's \$275 million of secured debt facilities, which included increasing the facility with Commonwealth Bank of Australia by \$40 million to \$150 million (with the facility extended to July 2027), an additional new facility of \$100 million with Sumitomo Mitsui Banking Corporation (maturing in January 2026), an additional new facility of \$85 million with Westpac Banking Corporation (maturing in July 2026), and a new four-year \$50 million facility with Bank of China (maturing in June 2028).

Interest rate management and gearing

The Group enters into interest rate swaps and fixed rate corporate bonds (hedging) to create certainty of the interest costs of the majority of borrowings over the medium to long term. As at 30 June 2024, the Group's interest rate hedging cover was 56.3 per cent of borrowings, with \$435.0 million of fixed rate corporate bonds and interest rate swaps, against interest-bearing debt of \$772.7 million. The weighted average term to maturity of hedging was 1.8 years.

The Group's gearing ratio (debt to total assets) at 30 June 2024 was 21.5 per cent (2023: 15.8 per cent), which is at the lower end of the Board's preferred range of 20 to 30 per cent. The lower gearing provides flexibility for the Group to take advantage of investment opportunities to create long-term value when they arise. The Group's interest cover ratio (earnings before interest / interest expense) was 6.5 times (2023: 7.9 times).



Distribution

A final distribution of 9.27 cents per ordinary unit has been declared and will be made on 28 August 2024 to unitholders on BWP's register at 5.00 pm (AEST) on 30 June 2024. The final distribution takes the total ordinary distributions for the year to 18.29 cents per unit (2023: 18.29 cents per unit).

BWP maintains an active Distribution Reinvestment Plan ("DRP") as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides an efficient means of accessing additional equity capital from existing eligible unitholders when required. As a result of the merger announcement in January 2024, and consistent with the terms of the DRP, the directors determined to suspend the DRP in respect of the interim distribution for the six-month period ended 31 December 2023. Post the completion of the NPR acquisition, the DRP has been reinstated for the final distribution for the year ended 30 June 2024.

Portfolio optimisation

Repurposing

In June 2024, BWP completed the \$22.2 million repurposing of the ex-Bunnings Warehouse in Hervey Bay. The property is fully tenanted by BCF, Rebel, Super Cheap Auto and Amart Furniture, with net annual income post completion estimated to be \$2.0 million.

Capital expenditure

During the year, the Group incurred other capital expenditure, excluding acquisition and development activity, of \$41.9 million, comprising \$25.0 million on repositioning various properties, \$12.0 million on expansions of Bunnings Warehouses, and \$4.9 million on other improvements and sustenance and maintenance requirements across the portfolio.

Occupancy

As at 30 June 2024, the portfolio was 99.1 per cent leased (2023: 97.1 per cent).

Rent reviews

Excluding rental income from properties acquired, sold, upgraded or vacated and re-leased during or since the previous corresponding period, rental income increased by approximately 4.2¹ per cent for the 12 months to 30 June 2024 (compared to 4.9² per cent for the 12 months to 30 June 2023).

Market rent reviews on six properties (including five Bunnings Warehouse properties) were finalised during the year, with rent increasing on average 4.4 per cent on the prevailing rent at the time of the market rent review.

Profitable growth

Expansions

In June 2024, the expansion of the Lismore Bunnings Warehouse, New South Wales was completed at a cost of \$10.2 million. This followed the acquisition from Bunnings of adjoining land for \$1.5 million (transaction completed in October 2022). The parties have entered into a new 10-year lease with six, five-year options, exercisable by Bunnings. Rent increased by approximately \$0.5 million post completion and will increase annually by CPI, capped at 2.5 per cent. Market rent reviews are scheduled every 10 years from the lease commencement date and are subject to a 10 per cent cap and a 10 per cent collar.

¹The unresolved market reviews at 30 June 2024 are not included in the calculation of like-for-like rental growth.

² Previously disclosed as 5.0 per cent increase but was updated following the finalisation of three market rent reviews related to that period.



Also, in June 2024, the expansion of the Coburg Bunnings Warehouse, Victoria was completed at a cost of \$2.9 million. The parties have entered a new 10-year lease with six, five-year options, exercisable by Bunnings. The rental income increased by approximately \$0.1 million, and will increase annually by CPI, capped at 2.5 per cent. At the end of the initial term and at the exercise of each subsequent option by Bunnings, the rent is subject to a market rent review, to adjust the prevailing rent within the range of a 10 per cent cap and a 10 per cent collar.

Acquisitions

The NPR transaction, completed in June 2024, comprised a highly complementary portfolio of assets with similar tenant profiles. The properties acquired included:

- > Chadstone, Victoria
- > Eastgardens, New South Wales
- > Lake Haven, New South Wales
- > Launceston, Tasmania
- > Maroochydore, Queensland
- > Melton, Victoria
- > Preston, Victoria
- > Underwood, Queensland
- > Warragul, Victoria

The merger with NPR provides a number of benefits to BWP unitholders, including, post-merger, a larger portfolio with increased scale and relevance, supported by a highly complementary NPR portfolio affording further exposure to quality tenants, a platform for income and capital growth, enhanced diversification and an improved lease expiry profile.

In September 2023, BWP acquired the Southport Showrooms in Queensland for \$10 million (excluding acquisition costs), and the Broadmeadows Homemaker Centre in Victoria for \$20 million (excluding acquisition costs) both from unrelated parties. Both properties adjoin BWP-owned Bunnings Warehouses.

Portfolio renewal

During the year divestments of the Trust's properties in Belmont North, Wollongong and Albany were completed, where in:

- > May 2024, BWP completed the sale for \$20.5 million of its Belmont North, New South Wales property which had previously been occupied by Bunnings;
- > June 2024, BWP completed the sale for \$40.0 million of its Wollongong, New South Wales property which had previously been occupied by Bunnings; and
- > June 2024, BWP completed the sale for \$7.0 million of its Albany, Western Australia property which is currently leased to Bunnings until its lease expires in October 2024 (Bunnings relocated to new premises in 2020).

These divestments achieved an aggregate realised internal rate of return of 11.9 per cent.



Outlook

The variables that could have the most influence on the financial performance of the Group in the near term include inflation, cost of funding, property valuations, property transaction activity, and the time taken, and cost of repositioning properties.

BWP's existing leases afford rental escalation with approximately 44 per cent of the Trust's rental income subject to CPI annual adjustments and 56 per cent is subject to fixed annual adjustments, other than in years in which respective properties are due for a market rent review (typically every five years for most of the Trust's existing portfolio). For the year ending 30 June 2025, CPI reviews will apply to 35 per cent of the base rent, with leases subject to a market rent review comprising 12 per cent of the base rent, with the balance of 53 per cent reviewed to fixed increases of two to four per cent.

In delivering BWP's strategic agenda of portfolio optimisation, profitable growth and portfolio renewal, BWP's primary focus areas for the 2025 financial year include progressing the repurposing of ex-Bunnings properties, 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 group properties.

BWP will also be active in assessing and actioning opportunities to grow the portfolio that create value, with this activity focussed on reinvesting in the core retail portfolio to support tenant optimisation plans, acquiring accretively, growing the core portfolio and partnering with tenants to potentially, over time, participate in adjacent parts of the retail value chain.

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

BWP will also seek to optimise available space (adjacent to existing tenancies within the portfolio) and further optimise the cost of capital.

The quality of the Group's property investment portfolio, with its large, prominently located sites, with good accessibility and adjacency to other retail and community facilities, means that these are expected to continue to be preferred locations for retailing or provide potential longer-term alternative uses. In this context, BWP remains well positioned with rental income comprising largely the Wesfarmers Group (82 per cent), other national large format retail, automotive and self-storage businesses (15 per cent) and Commonwealth and Queensland Governments (one per cent).

In addition, the demand for Bunnings Warehouse properties is expected to remain stable in the near term given the continued strength of the Bunnings covenant, where Bunnings' resilient operating model and leading customer value proposition across consumer and commercial customers continue to support its profitable growth through the cycle.

Subject to no major disruption of the Australian economy or material change in market conditions, BWP expects the distribution per unit for the year ending 30 June 2025 to be approximately 2.0 per cent higher than the prior year.



For further information please contact:

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