

7 February 2024

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

Dear Sir

**BWP Trust results for the half-year ended 31 December 2023**

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

- > Appendix 4D – half-year results to 31 December 2023; and
- > Half-Year results announcement.

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

- > Half-Year Report to Unitholders (contains the Business Review and Financial Statements)
- > Half-Year Results Investor Presentation
- > Update – Dividend/Distribution - BWP
- > Attribution Managed Investment Trust Fund payment notice.

It is recommended that the Half-Year Report is read in conjunction with the Annual Report of BWP Trust for the year ended 30 June 2023, together with any public announcements made by BWP Trust in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An investor/analyst briefing teleconference call, with a question and answer session, will be held on **7 February 2024** at **8:00am AWST** (11:00am AEDT).

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

Yours faithfully

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

**Karen Lange**  
Company Secretary

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

# ASX release

7 February 2024

## APPENDIX 4D

## FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2023

		6 months to 31 Dec 2023	6 months to 31 Dec 2022	Variance %
<b>Results for announcement for BWP Trust</b>				
Revenue from ordinary activities	\$000	82,313	78,625	5
Profit before (losses)/gains on investment properties	\$000	57,460	57,367	-
(Losses)/gains in fair value of investment properties	\$000	(4,232)	53,937	n.m. <sup>1</sup>
Profit from ordinary activities attributable to unitholders	\$000	53,228	111,304	(52)
Net tangible assets per unit	\$	3.74	3.95	(5)
<b>Distributions</b>				
Interim distribution paid	\$000	57,943	57,943	-
Interim distribution per unit	cents	9.02	9.02	-

There is no conduit foreign income included in the distribution above.

<sup>1</sup> n.m. - not meaningful.

### Key dates

Record date for determining entitlements to the final distribution	29 December 2023
Payment date for the final distribution	28 February 2024

### Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was suspended for the half-year ended 31 December 2023 as per the ASX release dated 23 January 2024.

### Commentary on the results for the financial half-year

The commentary on the results for the financial half-year is contained in the ASX release dated 7 February 2024 accompanying this statement.

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

For further information please contact:

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# ASX release

7 February 2024

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## HALF-YEAR RESULTS TO 31 DECEMBER 2023

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The directors of BWP Management Limited ("BWPM"), the responsible entity for the BWP Trust ("the Trust"), today announced the results of the Trust for the six months to 31 December 2023.

### Half-year highlights

- > Net profit for the period was \$53.2 million, which included \$4.2 million of unrealised losses in the fair value of investment properties
- > Distributable amount of \$57.9 million for the six months – in line with the previous corresponding period
- > Interim distribution of 9.02 cents per unit – in line with the previous corresponding period
- > Like-for-like rental growth of 4.8 per cent for the 12 months to 31 December 2023
- > Weighted average lease expiry of 3.6 years at 31 December 2023 with 97.4 per cent leased
- > Gearing (debt/total assets) of 17.1 per cent as at 31 December 2023
- > Weighted average cost of debt of 4.2 per cent per annum for the six month period
- > \$3.0 billion portfolio valuation as at 31 December 2023
- > Net tangible assets of \$3.74 per unit at 31 December 2023



## Results summary

<b>Half-year ended 31 December</b>		<b>2023</b>	<b>2022</b>
<b>INCOME &amp; EXPENSES</b>			
Total income	\$m	<b>82.3</b>	<b>78.6</b>
Total expenses	\$m	<b>(24.9)</b>	<b>(21.2)</b>
Profit before gains/(losses) in fair value of investment properties	\$m	<b>57.4</b>	<b>57.4</b>
Amounts released from undistributed income reserve	\$m	<b>0.5</b>	<b>0.6</b>
Distributable amount for period	\$m	<b>57.9</b>	<b>57.9</b>
Management expense ratio <sup>1</sup> (annualised)	%	<b>0.65</b>	<b>0.64</b>
<b>PORTFOLIO VALUATION &amp; DISTRIBUTION</b>			
Property revaluation (losses)/gains <sup>2</sup>	\$m	<b>(4.2)</b>	<b>53.9</b>
Net profit including property revaluations	\$m	<b>53.2</b>	<b>111.3</b>
Number of units on issue	m	<b>642</b>	<b>642</b>
Distribution per ordinary unit	cents	<b>9.02</b>	<b>9.02</b>
Number of unitholders		<b>22,521</b>	<b>23,770</b>
<b>INVESTMENT &amp; CASH GENERATION</b>			
Operating cash flow	\$m	<b>56.3</b>	<b>60.2</b>
Capital expenditure (including repositioning costs)	\$m	<b>11.2</b>	<b>4.9</b>
Acquisitions of investment properties	\$m	<b>32.0</b>	<b>1.5</b>
Free cash flow	\$m	<b>13.1</b>	<b>53.8</b>
<b>CAPITAL STRUCTURE</b>			
Total assets	\$m	<b>2,997.7</b>	<b>3,091.0</b>
Borrowings	\$m	<b>513.5</b>	<b>472.1</b>
Unitholders' equity	\$m	<b>2,401.0</b>	<b>2,539.7</b>
Net tangible asset backing per unit	\$	<b>3.74</b>	<b>3.95</b>
Weighted average cost of debt	% pa	<b>4.2</b>	<b>3.3</b>
Weighted average cap rate	%	<b>5.53</b>	<b>5.05</b>
Gearing (debt to total assets)	%	<b>17.1</b>	<b>15.3</b>

Figures above subject to rounding.

<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 straight-lining of rent.



## ***FINANCIAL RESULTS***

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.

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).

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 at 30 June 2023 to \$3.74 per unit at 31 December 2023 reflecting the small unrealised loss on revaluation of investment properties.

An interim distribution of 9.02 cents per ordinary unit has been declared. This is the same as the previous corresponding period (9.02 cents per unit). The interim distribution will be made on 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.

### **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.

#### **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.

<b>Property location</b>	<b>Passing rent</b>	<b>Market review</b>	<b>Variance</b>	<b>Effective date</b>
	(\$ pa)	(\$ pa)	(%)	
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. Property revaluations were performed by independent valuers for 11 properties (16 properties in the prior corresponding period). The remaining 64 properties were subject to directors' valuations.

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).

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.

<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.



## **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.

Subject to there being no major disruption of the Australian economy, the Trust provides distribution guidance of 9.27 cents per ordinary unit for the second half of the 2024 financial year. Capital profits may be utilised to support the distribution.

## **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.

<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).





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