bwp TRUST

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ANNUAL REPORT 2024

ACKNOWLEDGEMENT OF COUNTRY

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



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BUNNINGS WAREHOUSE, PRESTON, 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

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.

During the 2024 financial year, BWP completed the acquisition of Newmark Property REIT ("NPR") via an off-market takeover to form a consolidated group ("the Group"). Further details in relation to this transaction are included throughout this report.

The majority of the Group's properties are well located large format retailing properties, in particular, Bunnings Warehouses leased to Bunnings Group Limited ("Bunnings" or "BGL"). Bunnings is the leading retailer of home improvement and lifestyle products in Australia and New Zealand and a major supplier to project builders, commercial tradespeople, and the housing industry.

BWP is managed by an external responsible entity, BWP Management Limited ("the Responsible Entity"), which is appointed under the Trust's constitution and operates under an Australian Financial Services Licence ("AFSL"). A similar arrangement for the NPR entities exists where an external responsible entity, NPR Management Limited (a wholly owned subsidiary of BWP Management Limited since 27 March 2024) is appointed and operates under a separate AFSL.

The responsible entities are solely committed to managing the respective trusts and are paid a quarterly fee based on the gross assets of the respective trusts.

Both Bunnings and BWP Management Limited are wholly-owned subsidiaries of Wesfarmers Limited ("Wesfarmers"), one of Australia's largest listed companies. Through one of its subsidiaries, Wesfarmers also owns 22.29 per cent of the issued units in BWP.

About this report

This annual report summarises the Group's operations, activities, and financial position as at 30 June 2024. The results included in this report incorporate BWP for the full year and previous years and its controlled entities, being NPR stapled entities, from 28 March 2024.

Readers should refer to the details provided throughout this annual report and on BWP's website for additional information.

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.

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Chairman's message

On behalf of the Board of directors of BWP Management Limited, the responsible entity for BWP Trust, it is my pleasure to present the Group's annual report for the financial year ended 30 June 2024.

Operating environment

The 2023/24 year saw elevated interest rates and an environment of rising costs, including in construction. In this environment, BWP achieved continued portfolio rent growth, benefiting from un-capped Consumer Price Index ("CPI") increases for 43 per cent of the portfolio, and portfolio growth through acquisition activity. These more than offset higher finance costs resulting from higher interest rates and increased capital expenditure due to asset re-positioning, upgrades and increased stay-in-business requirements.

Prior to 2022 the market was characterised by firming asset prices (reducing yields) in a period of relatively low inflation and low and reducing interest rates. Over the last two years, inflation increased, and interest rates rose quickly, asset prices softened and market activity reduced, as reflected in fewer primary and secondary trades of Bunnings Warehouses. In addition, expansion of new and incremental retail space has slowed, reflecting an increase in online shopping participation as omnichannel retail models have expanded. High construction costs and a decrease in consumer discretionary spending contributed to retailers placing increased focus on optimising existing store networks and improving the space productivity of their current stores.

In a macro-economic environment that has presented challenges, a strong balance sheet, a high-returning property portfolio and strong lease covenants have placed BWP in a sound position to capitalise on opportunities to create sustainable value over time. Increased acquisition activity in the 2023/24 financial year reflected BWP's focus on profitably growing the portfolio through assets with strong location attributes and tenant covenants.

Profitable growth

Acquisitions with good potential for value creation over a reasonable timeframe remained challenging to identify. During the year BWP saw an increased number of opportunities to acquire properties on yields it considers to be more reflective of risk. To that end, 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.

NEWMARK PROPERTY REIT ACQUISITION

These incremental, adjacent acquisitions were in addition to the $540 million acquisition of Newmark Property REIT ("NPR"), completed in June 2024. The Board was pleased to support management in executing this transaction. In late January 2024 the Trust announced that BWP Management Limited, as responsible entity for the Trust, had entered into a Bid Implementation Deed with Newmark REIT Management Limited, as the responsible entity of Newmark Property REIT, in relation to a proposal to merge BWP and NPR, by way of an off-market takeover. The merger comprised 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 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 with synergies 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.

Portfolio optimisation

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 at Fountain Gate, Victoria, with a leasing campaign commencing during the year.

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

Portfolio renewal

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

Distributions and capital management

As a result of the proposed merger with NPR, and consistent with the terms of the Distribution Reinvestment Plan ("DRP"), the directors determined to suspend the DRP for the half-year ending 31 December 2023. The DRP has been reinstated for the final distribution for the year ended 30 June 2024.

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.

Focus areas

BWP's strategic pillars of portfolio optimisation, profitable growth and portfolio renewal will guide BWP's areas of focus and activity for the 2024/25 financial year. Consistent with the 2023/24 financial year, BWP will continue to be active in assessing and actioning opportunities to grow and renew the portfolio to create value for unitholders. Focus will also be placed on 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, completion of market rent reviews, and the continued roll out of energy efficiency improvements.

In delivering these strategic pillars the Group will ensure focus is placed on the factors that influence the financial performance of BWP being inflation, the cost of funding, future investor demand for property, productivity in the existing portfolio, portfolio growth and the time taken, and cost of re-leasing and repositioning properties in the portfolio.

As foreshadowed in last year's annual report, BWP's former Managing Director, Michael Wedgwood, retired during the 2023/24 financial year. During Michael's tenure, commencing in 2014, the Trust delivered above-market total returns, with Michael providing exceptional stewardship of the Trust, positioning BWP with a high-quality portfolio of assets, a strong and flexible balance sheet, and significantly enhanced environmental and sustainability credentials. On behalf of the Board, I offer our sincere thanks to Michael for his leadership of the Trust, and for the financial discipline and unitholder focus that he brought to the role.

Following Michael's departure we were pleased to welcome our new Managing Director, Mark Scatena, to the Group in September 2023.

I would like to express my appreciation to my fellow directors and management for their sustained effort, dedication and commitment during the year, which reflected increased portfolio growth and renewal activity. Finally, I welcome our new NPR security holders who are now BWP unitholders post the NPR merger, and I thank all our valued unitholders for their continued support of BWP and its endeavours.



Tony Howarth AO
Chairman
BWP Management Limited



TONY HOWARTH, AO
CHAIRMAN

2023/24 Portfolio highlights

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Like-for-like rental growth[1]

4.2%

4.9% previous year

Market rent reviews[2]

6 completed

Rent ↑ 4.4% on passing

Total income

$174.5m

↑ 10.3% on previous year

Full-year ordinary distribution

18.29c

9.27c final distribution

Greenhouse gas emissions Scope 2 CO_2e[3]

0 tonnes

Weighted average cost of debt

4.4%

4.6% at year end

Weighted average lease expiry ("WALE")

3.8 years

3.5 years previous year

Weighted average capitalisation rate

5.54%

5.53% December 2023

5.38% June 2023

Portfolio leased

99.1%

97.1% previous year

Net tangible assets per unit

$3.79 per unit

↑ 1.1% from 2023: $3.75

Gearing (debt/total assets)

21.5%

15.8% previous year

[1] For the 12 months to 30 June 2024, taking into account the average inflation on CPI linked leases of 5.3 per cent.
[2] Including five Bunnings Warehouse properties finalised during the year.
[3] BWP's net Scope 2 emissions position taking into account green electricity purchased and ACCUs surrendered for the year ended 30 June 2024.

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Increased acquisition activity

In June 2024, the Trust successfully completed the off-market takeover of Newmark Property REIT ("NPR"). At completion, the all-scrip merger valued NPR at $540 million, with NPR securityholders receiving 0.4 BWP units per 1.0 NPR security. Both Boards of the responsible entities endorsed the merger, concluding it was in the best interests of their respective unitholders and securityholders. The merger combines BWP's and NPR's quality assets and similar tenant profiles and reflects BWP's commitment to profitable growth and strong tenant covenants. The merger demonstrated BWP's ability to effectively leverage its capital structure for portfolio growth, aligning with its goal of secure, growing income and long-term capital growth for unitholders. Further details on the off-market takeover can be found throughout this report.

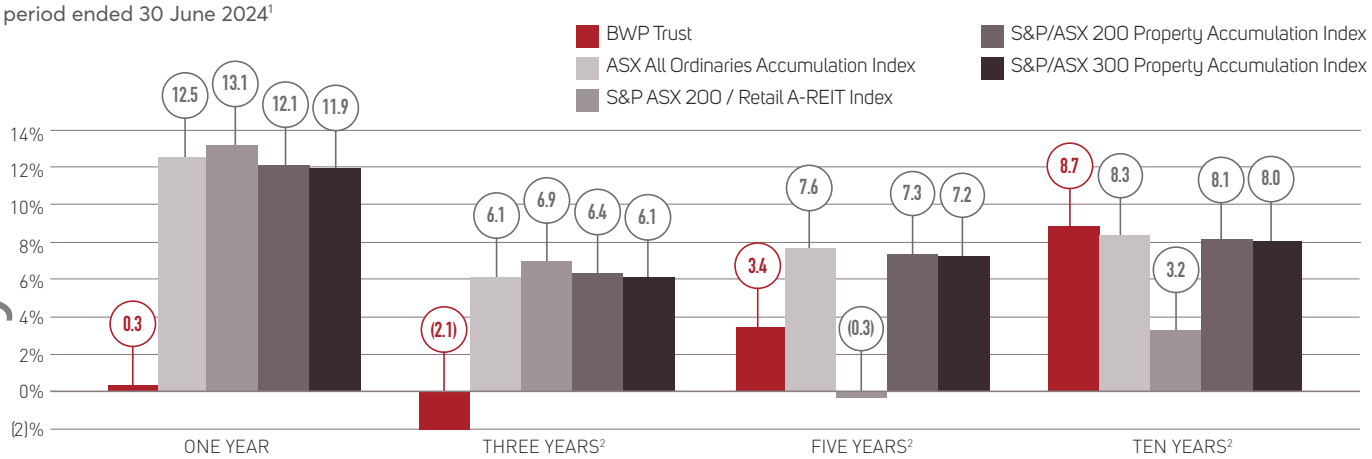


BUNNINGS WAREHOUSE, MAROOCHYDORE, QLD

Value creation

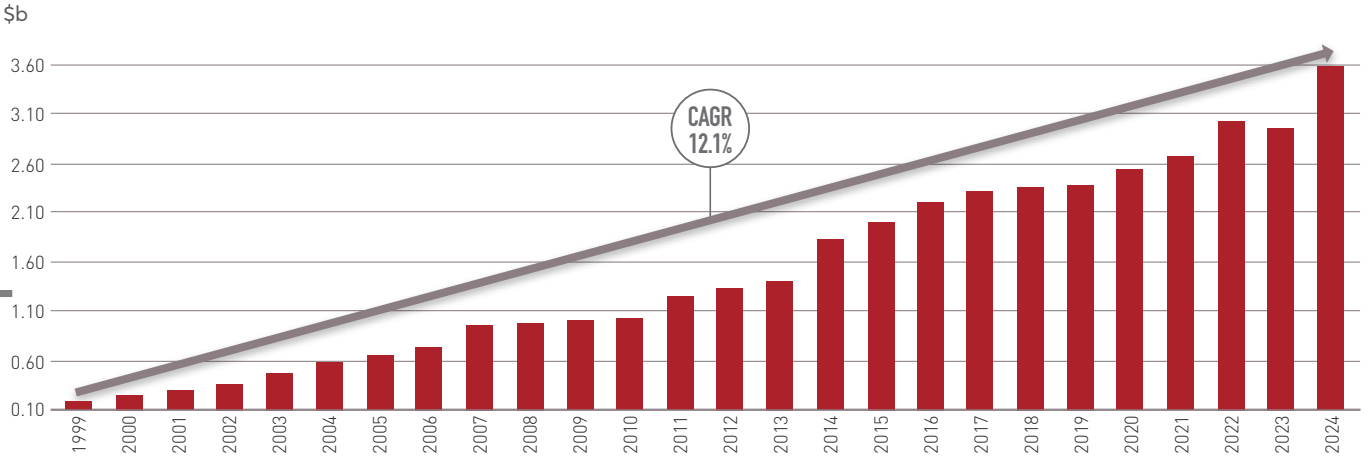
Total Returns (BWP Trust compared to market)

period ended 30 June 2024[1]



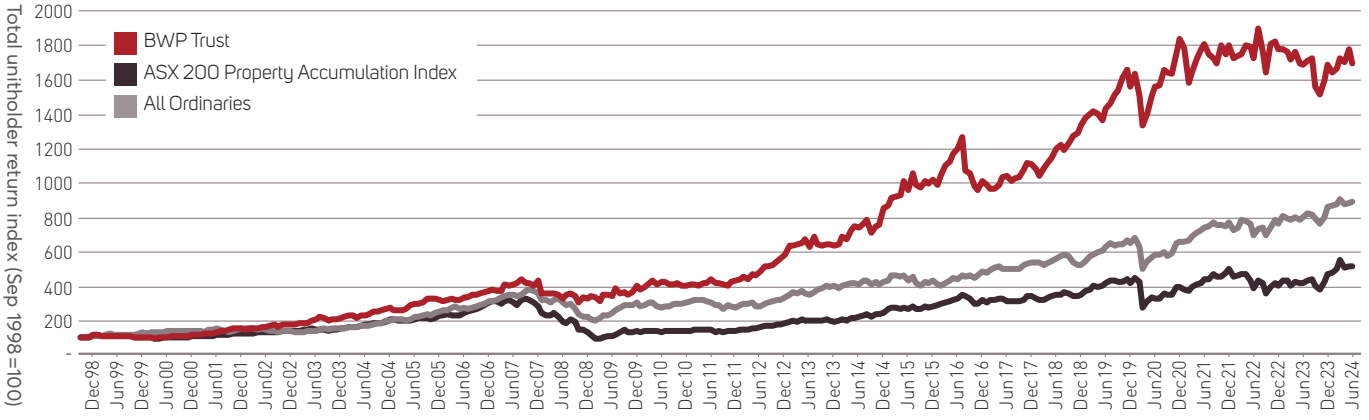
[1] Source: UBS Australia. Total returns include distributions and movement in price (assuming distributions are reinvested).
[2] Annual compound returns.

Total Assets Since Listing



Total Unitholder Return Since Listing

BWP vs S&P/ASX200 Property Accumulation Index



Source: Bloomberg as at 30 June 2024.
[1] Assumes 100 per cent distribution investment on the ex-distribution date.
[2] ASX 200 Property Accumulation series is rebased to BWP as at March 2000 as index data is not available prior to this time.

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Financial summary

Year ended 30 June			2024	2023	2022	2021	2020
INCOME & EXPENSES							
Total income		$m	**174.5**	158.2	153.3	152.2	155.8
Total expenses		$m	**(55.2)**	(44.6)	(38.6)	(38.3)	(38.7)
Profit before fair value movements		$m	**119.3**	113.6	114.7	114.0	117.1
Amounts released from undistributed income reserve		$m	**5.2**[1]	3.9	2.8	3.5	0.4
Distributable amount for the period		$m	**124.1**	117.5	117.5	117.5	117.5
Management expense ratio[2] (annualised)		%	**0.66**	0.64	0.64	0.63	0.64
PORTFOLIO VALUATION & DISTRIBUTION							
Property and derivative revaluation gains/(losses)[3]		$m	**61.0**	(76.9)	371.9	149.2	93.6
Net profit including fair value movements		$m	**180.2**	36.7	486.6	263.2	210.6
Number of units on issue		m	**714**	642	642	642	642
Distribution per ordinary unit	interim	cents	**9.02**	9.02	9.02	9.02	9.02
	final	cents	**9.27**	9.27	9.27	9.27	9.27
	total	cents	**18.29**	18.29	18.29	18.29	18.29
Number of unitholders			**23,754**	22,964	24,016	24,155	22,030
Unit price at 30 June		$	**3.46**	3.63	3.89	4.26	3.83
INVESTMENT & CASH GENERATION							
Capital expenditure		$m	**41.9**	14.3	6.0	16.8	29.3
Acquisitions of investment properties		$m	**572.0**	-	-	-	-
Free cash flow		$m	**105.6**	109.6	115.4	114.9	82.7
CAPITAL STRUCTURE							
Total assets		$m	**3,586.3**	2,960.2	3,021.9	2,674.6	2,552.6
Borrowings		$m	**771.6**	468.5	455.6	474.7	503.2
Unitholders' equity		$m	**2,707.6**	2,405.9	2,486.3	2,116.4	1,968.7
Net tangible assets		$ per unit	**3.79**	3.75	3.87	3.29	3.06
Weighted average cost of debt		% pa	**4.4**	3.6	3.0	3.1	3.4
Weighted average cap rate		%	**5.54**	5.38	5.04	5.65	6.08
Gearing (debt to total assets)		%	**21.5**	15.8	15.1	17.7	19.7

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.

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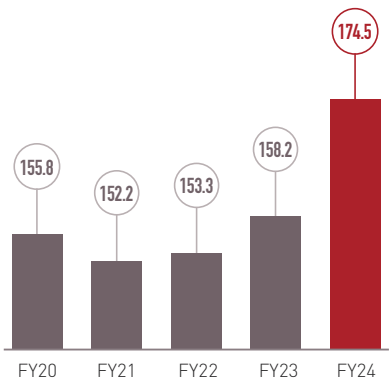
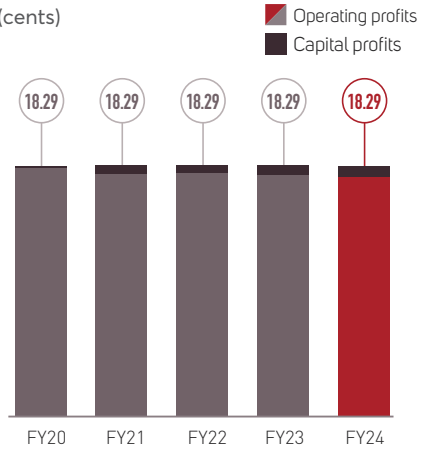
Total Income

($ m)



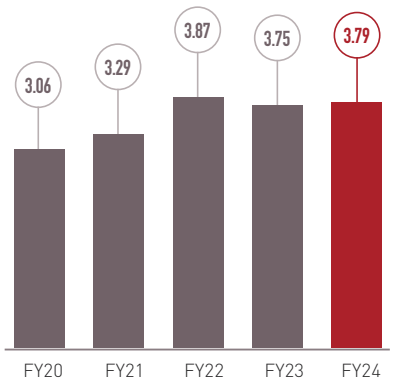
Distribution Per Unit

(cents)



Net Tangible Asset Backing

($ per unit)



Strategic framework

Strategic framework and business approach

Objective

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

Strategic pillars

- Portfolio optimisation
- Profitable growth
- Portfolio renewal

Supporting principles

- Operating excellence
- Capital structure
- Asset management

Business approach

- Investment areas
- Returns drivers
- Value creation

Enablers

- Commercial discipline
- Capital allocation and access
- Sustainability
- Active and effective collaboration

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

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Strategic pillars and supporting principles

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

BWP's three strategic pillars are summarised below:

- Portfolio optimisation – optimising and leveraging the existing network while managing asset repurposing requirements.
- Profitable growth – expanding the core portfolio and assessing adjacent growth segments and addressable markets, where feasible.
- Portfolio renewal – focusing 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.

Underpinning the strategic pillars are three supporting principles comprising:

- Operating excellence – effective management of lease renewals and rent reviews and approved and planned developments.
- Capital structure – proactive debt refinancing and capital management aligned to portfolio investment plans and acquisition target site identification.
- Asset management – structured planned and unplanned maintenance and asset renewal and portfolio network planning via balance sheet leverage.

PORTFOLIO OPTIMISATION

Portfolio optimisation prioritises surplus space activation and rent review process optimisation. Initiatives are focused on pad site and large format retail activation on available space.

PROFITABLE GROWTH

Profitable growth prioritises Bunnings-tenanted tranche (portfolio) acquisition opportunities and expansions by Bunnings on existing sites. Initiatives are focused on the identification of available tranche portfolios and configuring due diligence programs and active engagement with Bunnings to pursue expansion opportunities across the BWP/Bunnings portfolio, so as to enable Bunnings' range expansion and format innovation plans. In addition, targeting specific portfolios and identifying attractive third-party assets for secondary trade will receive increased and dedicated focus.

PORTFOLIO RENEWAL

Portfolio renewal sees a focus on non-core asset divestment and potential broader retail value chain participation (e.g. last mile fulfilment). Given the material investment across the broader retail supply chain (upstream of store) to leverage convenience and capitalise on the omnichannel and supply chain productivity transition, opportunity may exist for the Group to be a provider of capital to enable and accelerate this expansion and capability building across existing customers, similar to BWP's formative role in enabling the network expansion and format evolution of Bunnings.

OPERATING MODEL AND BUSINESS APPROACH

As outlined above, BWP aims to provide unitholders with a secure and growing income stream and long-term capital growth, achieved through strong alignment with, and support for, the ongoing property needs of its customers, while also responding to the needs of the local communities where the Group owns real estate.

The Group's main source of income is the rent paid by Bunnings and other large format, national retail customers for leasing their respective premises from the Group. Rent is generally based on the area of the property leased by the customer and does not have reference to the customer's turnover at the premises. Growth in rental income typically comes from increases in rent from existing properties and acquiring additional leased properties. Rents from existing properties grow as a result of annual rent increases and periodic market reviews in accordance with the lease. Rental growth may also occur with upgrades to existing properties, which increase the lettable area, and repositioning of properties when vacancies occur.

The main items of expense for the Group are borrowing costs and the fees paid to the responsible entities for managing the Group. The amount of borrowing costs relate to the level of borrowings the Group has from time to time, and the interest rates and funding costs associated with those borrowings.

The level of management fees paid by the Group depends on the value of the gross assets of the Group over the period. The Group's assets are predominantly comprised of its investment properties, which are revalued every six months to their fair value based on market conditions and the circumstances of each particular property. Changes in the fair value of properties as a result of revaluations are recorded as an unrealised revaluation gain or loss for the period and do not affect distributable profit. Borrowings to fund investment in properties are the Group's largest liability, with a preferred gearing range of 20 to 30 per cent of the value of the Group's total assets.

Strategic framework

(Continued)

Recent progress and future priorities

Progress in the 2023/24 financial year was characterised by portfolio momentum reflecting increased growth and renewal activity, with BWP's conservative balance sheet leveraged while maintaining a high quality and high returning portfolio.

BWP's near term priorities in delivering its strategic agenda of portfolio optimisation, profitable growth and portfolio renewal include progressing the repurposing of properties and completing store upgrades and the continued roll out of energy efficiency improvements at group properties. Priorities will also focus on assessing and actioning opportunities to grow the portfolio that will create value for BWP with a focus on re-investing in its core retail portfolio to support tenant optimisation plans, acquiring accretively and growing the core portfolio and partnering with existing tenants to potentially, over time, participate in adjacent parts of the retail value chain. BWP will recycle actively, when in the interest of unitholders, by divesting non-core assets, re-allocating capital to higher returning opportunities, and reinvesting in logical and adjacent growth initiatives to complement its core portfolio while maintaining a strong and flexible balance sheet.

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	Portfolio optimisation	Profitable growth	Portfolio renewal
Priorities	> Site repurposing advanced: – Broadmeadows – Cairns – Fountain Gate – Noarlunga – Northland – Morley > Further funding source diversification (geography and debt type) > Surplus space activation > Outstanding rent review completion	> Dubbo BGL expansion completion > Acquisition site/target identification > Targeting and identification of attractive third-party assets for secondary trade	> Port Kennedy divestment completion > Continued engagement with rating agencies > Increased engagement with large format retail sector to identify capital needs to accelerate expansion of existing and potential tenant omnichannel and supply chain productivity transition
Progress/ achievements	> Strong like-for-like rental growth (4.2 per cent) > Five Bunnings market rent reviews completed (4.2 per cent average increase) > Completion of repurposing of Hervey Bay property > Bunnings exercised 8 (of 8) lease options (relative to 2 of 4 in FY23)	> Acquisition of Newmark Property REIT ($540m) > Two properties acquired adjoining existing BWP-owned Bunnings stores ($30m) > Completion of Bunnings upgrades at two stores > Agreement to extend lease at one Bunnings store	> Divestments completed for three non-core assets (realised IRR of 11.9 per cent) > Port Kennedy property sale well advanced > Debt refinancing completed (NPR debt acquired) > S&P A- and Moody's A3 rating re-affirmed
Strategic pillars	Portfolio optimisation	Profitable growth	Portfolio renewal

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In implementing the strategic pillars, BWP's operating model is guided by themes focused on the areas of investment, drivers of returns and value creation initiatives.

Investment areas

Large format retail property ownership – home improvement / Bunnings focus

THEMES

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

STATUS

> 260.7 hectares of land
> 82 properties
> 80 per cent income from Bunnings; 82 per cent Wesfarmers Group income
> 87 per cent of non-Bunnings income from national tenants

Sustainable portfolio returns supported by balance sheet flexibility

THEMES

> Long-term value creation by re-investing in and growing the core portfolio of Bunnings Warehouse properties, and from maximising the alternative use prospects in the portfolio

STATUS

> 7.6 per cent annualised portfolio return on invested capital ("ROIC")[1]. 10.2 per cent excluding NPR
> 21.5 per cent gearing

Property location attributes

THEMES

> Well-located properties that are accessible, adjacent to other retail/community facilities
> Re-zoning potential for higher and better use
> Focus on home improvement, supermarkets, healthcare, automotive and last mile distribution fulfillment

STATUS

> 80 per cent metropolitan
> 20 per cent regional
> 45 per cent of metropolitan properties within 20 kms of a central business district ("CBD")

Returns drivers

Rental growth

THEMES

> Continue to focus on market rent review outcomes

STATUS

> 44 per cent of the Trust's rental income is subject to CPI adjustments
> 56 per cent is subject to fixed annual adjustments

Acquisitions and re-investment

THEMES

> Re-investment in existing portfolio, and acquisitions as and when they make commercial sense

STATUS

> Upgrade being completed on Dubbo Bunnings Warehouse
> Acquisition of Broadmeadows Homemaker Centre and Southport Showrooms
> Acquisition of ASX listed A-REIT NPR

Cost of funding

THEMES

> Continue to diversify funding and extend duration of debt

STATUS

> S&P A- and Moody's A3 rating re-affirmed
> NPR secured debt facility refinanced (June 2024)

Value creation

Proactive management of existing properties

THEMES

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

STATUS

> Portfolio 99.1 per cent leased
> Port Kennedy divestment progressing
> Noarlunga and Fountain Gate properties being repositioned for large format retail
> One property being repositioned for industrial

Effective management of the Trust and its capital

THEMES

> Secure and growing income stream
> Long-term capital growth

STATUS

> 10 year average total unitholder returns of 8.7 per cent per annum

[1] ROIC is calculated as annualised net rent (being rent net of property outgoings and administrative costs associated with running the Group) divided by the accumulated capital costs incurred on the property portfolio.

Managing Director's report

Financial results

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.

The management expense ratio for the year ended 30 June 2024 (expenses other than property outgoings and borrowing costs as a percentage of average total assets) was slightly higher than the previous year at 0.66 per cent (2023: 0.64 per cent), due to higher insurance costs and a slightly higher management fee payable on the NPR portfolio[1]. The management fee payable for the year increased 3.9 per cent from $17.9 million to $18.6 million, largely due to the NPR acquisition.

PROFIT

Profit, as disclosed in the Group's financial statements, includes unrealised gains or losses in the fair value of investment properties as a result of the revaluation of the entire property portfolio every six months (see revaluations section, Our property portfolio section on pages 24 to 27), as well as unrealised gains or losses on certain derivatives. The unrealised revaluation gains or losses are recognised as undistributed income as part of unitholders' equity in the financial statements and do not affect the profit available for distribution to unitholders each period.

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.

At the discretion of the Board, capital profits arising from the sale of investment properties can be distributed in the year they are generated, or retained for future growth or to be distributed in future years. In the year to 30 June 2024, BWP released $1.8 million of capital profits.

FINANCIAL POSITION

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). Further information on investment properties is included in the Our property portfolio section on pages 24 to 27.

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

DISTRIBUTION TO UNITHOLDERS

BWP pays out 100 per cent of distributable profit each period, in accordance with BWP's constitution.

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).

CAPITAL MANAGEMENT

BWP is committed to maintaining a strong investment grade rating (currently A-/stable by Standard & Poor's and A3/negative by Moody's) through appropriate capital and balance sheet management. While affirming and retaining the existing rating (A3) post the NPR acquisition, Moody's reduced the outlook from stable to negative, citing the pro-forma leverage increase and the refinancing risk associated with NPR debt (expiring December 2024 at the time of review and prior to refinancing). Moody's, in affirming BWP's rating (A3) as continuing to reflect BWP's conservative financial policy, simple business model, a strong primary lessee and a portfolio of assets difficult to replicate, identified that gearing and interest cover metrics remain within tolerance levels, despite leverage falling outside Moody's preferred range.

[1] Management fee payable to NPR Management Limited reduced from 0.60 per cent to 0.585 per cent at completion of the compulsory acquisition of NPR on 27 June 2024, to align with fees charged by BWP Management Limited.

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Debt funding

The Group's debt facilities as at 30 June 2024 are summarised below:

	Limit $m	Amount drawn $m	Expiry date
Bank debt facilities			
Sumitomo Mitsui Banking Corporation ("SMBC")	100.0	100.0	24 Jan 2026
Westpac Banking Corporation ("WBC")	135.0	92.3	30 Apr 2026
Westpac Banking Corporation	85.0	-	31 Jul 2026
Sumitomo Mitsui Banking Corporation	110.0	85.0	15 Mar 2027
Commonwealth Bank of Australia ("CBA")	150.0	120.4	31 Jul 2027
Bank of China	50.0	50.0	26 Jun 2028
Institutional term loan	75.0	75.0	29 Nov 2030
Corporate bonds			
Fixed term seven-year corporate bond	150.0	150.0	10 Apr 2026
Fixed term seven-year corporate bond	100.0	100.0	24 Mar 2028
Total	**955.0**	**772.7**	

During the year the Group entered into or amended interest-bearing facilities as below, with much of the activity relating to the refinancing of the acquired debt as part of the NPR acquisition:

- new $75 million seven-year institutional term loan, maturing in November 2030, with CBA appointed as the paying agent.
- increased facility with CBA by $40 million to $150 million, with the facility extended to 31 July 2027.
- additional new facility of $100 million with SMBC, maturing on 24 January 2026.
- additional new facility of $85 million with WBC, maturing on 31 July 2026.
- new four year $50 million facility with Bank of China, maturing on 26 June 2028.


MARK SCATENA
MANAGING DIRECTOR

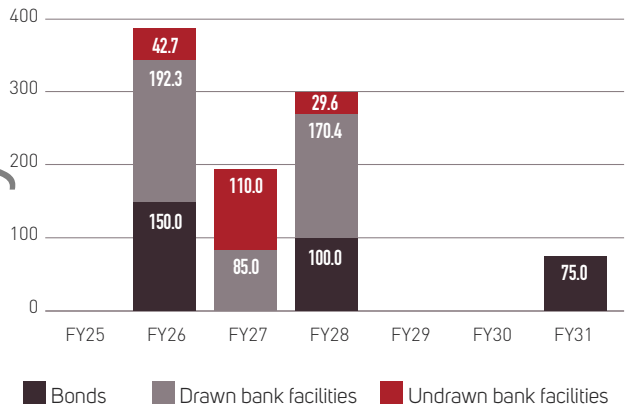
Managing Director's report

(Continued)

The debt maturity profile for the Group is outlined below.

Debt maturity profile

(A$m)



INTEREST RATE RISK MANAGEMENT

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.

GEARING

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 REINVESTMENT PLAN

BWP maintains an active DRP as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides a measured and efficient means of accessing additional equity capital from existing eligible unitholders when required.

As a result of the NPR acquisition 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. The DRP has been reinstated for the final distribution for the year ended 30 June 2024.

RETAILING MARKET AND TRENDS

BWP's customers are predominantly sellers of retail goods or services in home improvement and lifestyle products, office supplies, outdoor leisure, automotive sales, and electrical and small appliances categories. Economic, technological, demographic and other trends that affect retailing generally, or certain aspects of retailing, may impact BWP's customers from time-to-time. While the majority of rental income of the Group is not directly linked to sales turnover of the retailers it leases to, challenging retailing conditions or structural changes in retailing can impact the demand for retailing space, affecting market rents, and in some cases may affect the longer-term viability of some retailers.

The addressable market for large format retail property remains favourable, with high occupancy rates and growing retail income in an inflationary environment. Retail trends are, however, evolving, with the omnichannel transition and the current high construction cost environment expected to result in a renewed focus on existing space optimisation. Investment in data and digital capabilities continues, in addition to fulfilment and last-mile network expansion to support the omnichannel transition.

The business model of the Group's key tenant, Bunnings, has proven over a long period of time its resilience and ability to evolve in the face of changing market conditions. 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 generally these properties should continue to be preferred locations for retailing or, in some circumstances, provide potential longer-term alternative uses.

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HOME, LIVING AND BUILDING ENVIRONMENT SUPPORTS ADDRESSABLE MARKET AND KEY TENANT STRATEGY

As at 30 June 2024, approximately 80 per cent of the Group's annual rental income was from Bunnings. Therefore, the Group's earnings are currently largely linked to the ongoing success of the Bunnings business and the strength and direction of the underlying home improvement and lifestyle product market.

Bunnings has a track record of consistent growth and expanding the addressable market, with the addressable market estimated at approximately $110 billion across Australia and New Zealand. The addressable market remains fragmented and highly competitive with key demand drivers including population changes; housing availability; business, building and renovation activity; house age, churn and value; demographics; household disposable income; lifestyle trends; and innovation and technology.

The Bunnings proposition remains resilient, with population growth, housing age and supply, as well as lifestyle trends all expected to continue to contribute to demand. Customers remaining in their homes for longer should drive continued growth in renovation activity, accessible fit-outs and assisted living, and technology should continue to bring new products to market such as smart home lighting, security, household solar and automation.

In this context, Bunnings' overall strategic proposition remains focused on lowest prices, widest range and best experience, underpinned by a continued focus on long-term growth and expanding the addressable market. Bunnings' strategic growth plan continues to focus on four key themes:

> Care – team, suppliers, community and environment
> Grow – customer value, new and expanded categories, trade capabilities
> Simplify – lowest costs, driving productivity, improving stock flow
> Evolve – space optimisation, supply chain, data and digital

As at March 2024, Bunnings had a network of 286 Bunnings Warehouse stores across Australia and New Zealand, 65 small format stores and 31 trade centres, as well as 14 Tool Kit Depot stores, 119 Beaumont Tiles stores and seven Frame & Truss centres[1]. For the six-month period ended 31 December 2023, Bunnings Australia and New Zealand reported revenue of $9.96 billion, up 1.7 per cent on the previous corresponding period, with earnings before tax of $1.28 billion for the same period[2].

RISK MANAGEMENT OVERVIEW

BWP recognises the importance of effective risk management through the identification, monitoring and management of risks associated with its primary activities. BWP retains a culture of balancing its objective of providing unitholders a secure and growing income stream and long-term capital growth while maintaining a strong focus on compliance and risk management to meet the requirements of all stakeholders.

BWP is subject to high levels of regulatory oversight, in part because of the "related party" characteristics of the ownership structure and the ASIC Australian Financial Services ("AFS") licensing aspects of its underlying business/structure. The processes and systems required to support the compliance regime are an important aspect of BWP's approach to risk management, providing transparency and oversight at an operational level in the business. These are set out in a Compliance Plan, which is reviewed annually by the Board. The risk management framework is reviewed annually by the Board to ensure that it operates effectively and in alignment with the risk appetite established by the Board.

[1] Wesfarmers Strategy Briefing Day, 30 May 2024, slides 26–38
[2] Wesfarmers 2024 Half-year report, 31 December 2023, p8

Managing Director's report

(Continued)

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Risk management framework

The risk management framework provides a structured and systematic risk management approach, and considers obligations under the Corporations Act, AFS Licence, ASX listing rules and other applicable laws, and AS/NZS ISO 31000:2018 Risk Management – Guidelines. The Board Audit and Risk Committee oversees the approach. This risk management system has been formulated with regard to the nature, scale and complexity of BWP's business, its risk profile, and the environmental context in which it operates, including the impacts of climate change.

The Group's risk assessment processes involve risk identification, analysis, evaluation and treatment, and are integral to its strategic and business planning, all investment appraisals and major projects as well as day-to-day operational delivery. The risk management system addresses strategic risk, governance risk, operational risk, market and investment risk, liquidity risk and reputational risk, with management developing and adapting BWP's strategies and risk management framework to changes in the business and the external environment in which it operates.

Team members of the Responsible Entity are responsible for the implementation and management of the risk management processes in keeping with the objectives of the strategic plan, with the performance of the risk management and compliance management systems monitored through monthly and quarterly reporting processes.

Key risks identified

The following sets out BWP's key risks, assigned against its three strategic pillars:

Portfolio optimisation

- Decline in rents in absolute terms or relative to comparable commercial property
- Financial losses due to extended and/or sudden vacancies
- Low returns on capital expenditure
- Increase in operating expenditure and stay-in-business capital costs (reflecting ageing assets and increased maintenance requirements)
- Asset impairment
- Loss of licence to operate
- Loss of key personnel and knowledge
- Tenancy mix
- Social sustainability

Profitable growth

- Maintaining and protecting the quality of the portfolio
- Liquidity and cost of capital

Portfolio renewal

- Low investment returns
- Loss of relevance of Bunnings as a customer to the Group
- Cyber risk (including data governance and privacy breaches)
- Climate risk and impact on property and valuations

While a sub-set of key risk considerations are summarised below, BWP does not consider there to be other specific social risks to which it is exposed but remains vigilant in terms of broader retailing trends and the business direction of its major customers.

FINANCIAL RISKS

BWP remains well-positioned from a financial risk perspective with the majority of its counterparty exposure being to Wesfarmers Limited (A- S&P rating, A3 Moody's rating). The Group's assets comprise a geographically diverse portfolio of large format retail properties, generally with long-term leases in place with 99.1 per cent leased at 30 June 2024 and a portfolio WALE of 3.8 years.

BWP's capital structure (preferred gearing range of 20 to 30 per cent) takes into account the dynamics of the property investment portfolio, and the lease terms of each asset. BWP actively seeks to diversify its sources of debt funding, currently through two domestic banks, two international banks, the domestic medium-term note market, and the international institutional loan market.

As at 30 June 2024, the Group had a portfolio of 82 properties, limiting the financial impact of vacancies or decline in rent for any particular property. The key economic risk for BWP relates to interest rate movements, the impact of these on property capitalisation rates, and the cost of debt funding. All investment proposals are evaluated in relation to longer-term return objectives, which consider interest rate cycles. The interest rate impact on debt funding is managed with Board approved levels of interest rate hedging.

Recent increases in inflation have resulted in higher funding and construction costs for the Group, impacting the feasibility and timing of some property repositioning and upgrades.

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Climate-related and environmental risks and opportunities

Climate-related risks and opportunities are identified in line with the Responsible Entity's risk management process and overarching risk management framework. Climate change is considered a key sustainability risk for the Group due to its relevance to the operations of the Group and the importance placed on this by stakeholders. Climate change and other sustainability risks are largely mitigated by the relatively passive nature of the Group's business (essentially, leasing out established commercial property for retail use), BWP's relatively uncomplicated and transparent structure, the highly regulated framework under which BWP operates and the Group's low emissions profile.

The geographic distribution of the Group's property portfolio limits its exposure to periodic, localised climate-related environmental events, such as flood and fire. BWP reviews each property annually from a climate-related risk perspective.

BWP undertakes detailed due diligence on property acquisitions to fully understand levels of site contamination, as well as potential for exposure to climate-related events, prior to committing to any acquisition.

Social sustainability risks

BWP recognises the significant importance of ensuring that people's health and safety is not put at risk by its activities and operations. It has in place policies and practices to help identify health and safety risks and to manage those risks appropriately. To that end, the Responsible Entity is committed to ensuring that the Group's supply chain and business operations do not involve modern slavery and has policies and procedures in place to manage the risk appropriately.

As far as practicable, BWP's operational and supplier contract terms include requirements to comply with all relevant laws, and to meet minimum standards for ethical sourcing.

CYBER RISKS

Cyber security continues to evolve and is assessed by BWP in terms of awareness of, and preparedness for, potential security breaches, and its capability to respond. BWP does not have critical information, safety critical automated systems, services vital to the national infrastructure or revenue linked to online transactions, for which a cyber security breach could be detrimental to its ongoing operations. BWP's primary exposure is limited to potential data breaches at various service providers. In this regard, BWP engages with key service providers to ensure the risk of a data breach is minimised.

BWP'S OPERATIONS

Further information regarding the operations of the Group is included in the Outlook, Our property portfolio, and Sustainability sections on pages 23 to 31.



Mark Scatena
Managing Director
BWP Management Limited
Perth, 14 August 2024



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BUNNINGS WAREHOUSE, LAKE HAVEN, NSW

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.

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In delivering BWP's strategic agenda of portfolio optimisation, profitable growth and portfolio renewal, BWP's primary focus areas for the 2024/25 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. This activity will focus 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.

Additionally, the 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, and the balance of 53 per cent reviewed to fixed increases of two to four per cent.

Portfolio quality

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 should continue to be preferred locations for retailing or provide potential longer-term alternative uses.

Operating market and environment

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.

Home improvement retail sector and Bunnings' resilience

Bunnings' resilient operating model and leading customer value proposition across consumer and commercial customers continue to support its profitable growth through the cycle. As many households continue to manage cost of living and budget pressures, Bunnings remains well positioned to provide leading customer value, supported by ongoing productivity and efficiency initiatives.

Housing undersupply and net inbound migration continue to support the demand pipeline, and Bunnings continues to pursue opportunities to grow the addressable market and customer participation through new ranges, network optimisation, commercial strategies and digital channel growth.

Our property portfolio

As at 30 June 2024 the Group owned 82 investment properties, all within Australia, with a total value of $3.5 billion and a weighted average lease expiry of 3.8 years.

Portfolio at a glance

		2024	2023	2022	2021	2020
Bunnings Warehouses		**58**	54	56	58	61
Bunnings Warehouse with other showrooms		**10**	7	7	7	7
Large format retail showrooms		**11**	6	7	6	5
Industrial property		**2**	3	1	-	-
Vacant properties		**1**	3	2	3	2
Total BWP portfolio		**82**	73	73	74	75
Annual capital expenditure	$m	**41.9**	14.3	6.0	16.8	29.3

CAPITAL EXPENDITURE

During the year, the Group incurred other capital expenditure, excluding acquisition 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).

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, with an independent valuer reviewing the methodology adopted. Factors that may affect the valuation of properties from time to time include: the supply of and competition for investment properties; leasing market conditions; the quality and condition of the particular property, including the duration of the lease; and the level of rent paid at the property compared with the broader market.

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.

The net revaluation gain was predominantly due to rental growth from rent reviews, partially offset by the increase in capitalisation rates across the portfolio and the write-off of acquisition costs from property acquisitions completed during the year. The weighted average capitalisation rate for the Group's portfolio at 30 June 2024 was 5.54 per cent (December 2023: 5.53 per cent; June 2023: 5.38 per cent).

Portfolio optimisation

RENT REVIEWS

The rent payable for each leased property is increased annually, either by a fixed percentage or by the CPI, except when a property is due for a market review. Market reviews occur for most of the Bunnings Warehouse leases every five years from the date of the commencement of the lease. The market rental is determined according to generally accepted rent review criteria, based on rents paid at comparable properties in the market.

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 4.2[1] per cent for the 12 months to 30 June 2024 (compared to 4.9[2] per cent for the 12 months to 30 June 2023).

[1] The 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.

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

Bunnings market rent review results summary

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

[1] The market rent review was due during the year ended 30 June 2022, but the outcome was only finalised during the current financial year.
[2] The market rent review was determined by an independent valuer.
[3] The market rent review was agreed between the parties.
[4] The market rent review was due during the year ended 30 June 2023, but the outcome was only finalised during the current financial year.

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COMPLETION OF REPURPOSING OF EX-BUNNINGS WAREHOUSE, HERVEY BAY, QUEENSLAND

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 the net annual income post completion estimated to be $2.0 million.

Profitable growth

ACQUISITIONS

Newmark Property REIT acquisition

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 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 and leveraging, and maintaining a strong capital structure.

Other property acquisitions

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.

BUNNINGS WAREHOUSE EXPANSION COMPLETIONS

Lismore, New South Wales

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, with rent increasing, post-completion by $0.5 million. The annual rent will increase by CPI, capped at 2.5 per cent and market rent reviews are scheduled every 10 years from the lease commencement date. Market rent reviews are subject to a 10 per cent cap, meaning the rent cannot increase more than 10 per cent above the preceding year's rent ("10 per cent cap"), and a 10 per cent collar, meaning that the rent cannot fall more than 10 per cent below the preceding year's rent ("10 per cent collar").

Coburg, Victoria

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

BUNNINGS WAREHOUSE COMMITMENTS

Dubbo, New South Wales

In August 2022, BWP committed to acquire from Bunnings, adjoining land for $0.4 million and expand its Dubbo Bunnings Warehouse, New South Wales at a cost of $13.6 million. The annual rental will increase by approximately $0.5 million. Following completion of the expansion, expected in mid 2025, the parties will enter into a new 10-year lease with six, five-year options, exercisable by Bunnings. The annual rent will increase by CPI, capped at 2.5 per cent. At the end of the initial term the rent is subject to a market rent review and every 10 years thereafter. Market rent reviews are subject to a 10 per cent cap, and a 10 per cent collar.

Scoresby, Victoria

In December 2023, BWP 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 car park works to be undertaken by BWP. 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.

Portfolio renewal

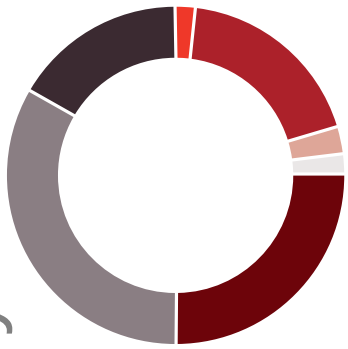
DIVESTMENTS

It is the nature of the Bunnings business model that its property requirements for some locations change over time largely driven by store format evolution, network and catchment changes and alternate site availability. Progress continues on finding alternative uses for properties currently vacant, with BWP giving full consideration to re-leasing the property, reinvestment in it to enhance rental outcomes, or divesting it, to provide the best overall outcome for BWP. Divestment demonstrated the best outcome for unitholders for the properties at Belmont North, Wollongong and Albany, where in:

- May 2024, BWP completed the sale for $20.5 million to an unrelated third party 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 to an unrelated third party of its Wollongong, New South Wales property which had previously been occupied by Bunnings; and in
- June 2024, BWP completed the sale for $7.0 million to an unrelated third party 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.

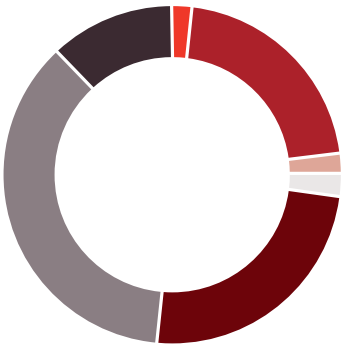
These divestments achieved an aggregate realised rate of return of 11.9 per cent.

Our property portfolio



Gross lettable area by State

ACT	2%
NSW	19%
QLD	25%
SA	2%
TAS	2%
VIC	33%
WA	17%



Asset value by State

ACT	2%
NSW	21%
QLD	24%
SA	2%
TAS	2%
VIC	37%
WA	12%

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2 LOCATIONS
TOTAL LAND AREA: 5.6 HA
Australian Capital Territory

16 LOCATIONS
TOTAL LAND AREA: 49.7 HA
New South Wales

21 LOCATIONS
TOTAL LAND AREA: 68.5 HA
Queensland

2 LOCATIONS
TOTAL LAND AREA: 5.9 HA
South Australia

2 LOCATIONS
TOTAL LAND AREA: 5.1 HA
Tasmania

25 LOCATIONS
TOTAL LAND AREA: 85.3 HA
Victoria

14 LOCATIONS
TOTAL LAND AREA: 40.6 HA
Western Australia

82 LOCATIONS
TOTAL LAND AREA: 260.7 HA
Total

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As at 30 June 2024	Gross lettable area[1]	Annual rental[2]	Value
Suburb	**sqm**	**$000**	**$000**
AUSTRALIAN CAPITAL TERRITORY			
Fyshwick[3]	6,648	1,505	29,900
Tuggeranong	11,857	2,036	40,700
Total	**18,505**	**3,541**	**70,600**
NEW SOUTH WALES			
Artarmon	5,746	1,927	38,500
Belrose	8,888	2,350	47,000
Dubbo	16,344	1,648	23,400
Eastgardens	14,576	3,432	68,600
Greenacre	14,149	3,045	60,900
Hoxton Park	25,607	4,475	76,800
Lake Haven	16,074	2,575	49,000
Lismore	14,046	2,072	37,600
Maitland	12,797	1,679	29,200
Minchinbury	16,557	3,460	69,200
Port Macquarie	7,387	1,677	23,200
Rydalmere	16,645	3,776	83,900
Thornleigh	5,301	1,642	33,000
Villawood	12,678	2,421	48,400
Wagga Wagga[4]	13,774	1,711	12,000
Wallsend	16,863	2,426	46,200
Total	**217,432**	**40,314**	**746,900**
QUEENSLAND			
Arundel	15,676	2,849	52,300
Bethania	13,494	2,317	39,700
Brendale	15,035	2,450	45,100
Browns Plains	18,398	3,828	59,400
Cairns	12,917	780	11,000
Cannon Hill	16,556	2,923	57,700
Fairfield Waters	13,645	1,912	29,200
Gladstone	21,516	4,313	55,000
Hervey Bay	10,033	1,421	31,300
Manly West	13,021	2,675	47,100
Maroochydore	16,440	3,844	72,200
Morayfield	12,507	2,202	36,800
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	1,803	27,100
Southport	12,431	1,953	35,000
Southport Showrooms	2,382	613	10,000
Townsville North	14,038	2,076	32,200
Underwood	11,111	3,119	43,900
West Ipswich	14,977	2,968	54,600
Total	**292,359**	**51,366**	**865,400**

As at 30 June 2024	Gross lettable area[1]	Annual rental[2]	Value
Suburb	**sqm**	**$000**	**$000**
SOUTH AUSTRALIA			
Mile End	15,065	2,978	59,600
Noarlunga[4]	14,784	1,922	15,000
Total	**29,849**	**4,900**	**74,600**
TASMANIA			
Launceston	17,668	2,621	48,500
Launceston Showrooms	4,098	946	16,300
Total	**21,766**	**3,567**	**64,800**
VICTORIA			
Bayswater	17,677	2,968	56,000
Broadmeadows	12,765	2,515	50,300
Broadmeadows Homemaker Centre	5,631	1,833	20,300
Caroline Springs	14,319	2,274	44,600
Chadstone	19,574	6,306	73,000
Coburg	25,413	5,756	91,200
Craigieburn	16,764	2,063	39,300
Croydon	15,543	2,563	51,300
Fountain Gate[4]	12,624	2,075	30,700
Frankston	13,843	2,610	49,600
Hawthorn	9,831	3,837	76,700
Maribyrnong	17,550	3,314	66,300
Melton	17,871	2,107	42,100
Mentone	8,271	2,578	35,800
Mornington	13,324	2,110	40,200
Northland[4]	13,006	2,308	36,400
Nunawading[5]	14,766	2,931	62,700
Pakenham	14,867	2,528	44,900
Port Melbourne	16,159	3,079	77,000
Preston	19,125	3,748	75,000
Scoresby	12,515	2,329	42,600
Springvale	13,458	2,486	49,600
Sunbury	15,270	2,232	41,200
Vermont South	16,634	2,588	47,000
Warragul	25,430	3,813	60,600
Total	**382,228**	**72,952**	**1,304,400**

As at 30 June 2024	Gross lettable area[1]	Annual rental[2]	Value
Suburb	**sqm**	**$000**	**$000**
WESTERN AUSTRALIA			
Australind	13,700	1,631	27,200
Balcatta	25,439	2,477	47,200
Belmont	10,381	1,631	29,300
Bibra Lake	14,141	1,946	35,400
Cockburn	12,839	1,941	35,300
Ellenbrook	15,337	2,305	41,900
Geraldton[4]	17,874	1,480	13,300
Harrisdale	17,124	2,937	49,100
Joondalup	13,358	1,375	19,600
Mandurah	8,662	2,159	29,500
Midland	9,370	1,472	21,800
Morley	9,852	1,545	12,500
Port Kennedy[6]	9,557	-	10,000
Rockingham	15,188	2,517	45,800
Total	**192,822**	**25,417**	**417,900**

Grand Total	**1,154,960**	**202,057**	**3,544,600**

Note: Totals and Grand Total adjusted for rounding.

[1] For Bunnings Warehouses this comprises the total retail area of the Bunnings Warehouse.
[2] Annual rental figures do not include access fees detailed below.
[3] Includes adjoining property (1.0 hectare) for which Bunnings Group Limited pays the Trust an access fee of $301,020 per annum.
[4] Sites that Bunnings has or is in the process of vacating, that are still leased to Bunnings.
[5] Includes adjoining properties (0.1 hectares) for which Bunnings Group Limited pays the Trust an access fee of $126,935 per annum.
[6] Vacant property that is no longer leased to Bunnings.

Sustainability

BWP is committed to acting responsibly and ethically, and operating its business in a manner that is sustainable.

BWP acknowledges climate change and biodiversity loss as risks that may have an impact on the properties it owns, the businesses that operate from them, the communities that the Group operates in, and its financial performance. BWP is committed to actively participating in the transition to a low-carbon economy, to understanding the impacts of its assets on biodiversity and to addressing the risk of modern slavery in its business, supply chains and investments. A summary of progress for the year ended 30 June 2024 is set out on the following pages.

BWP's approach considers the size and nature of its operations and its relatively modest potential impacts on the environment and society. The Group's ownership and management of established commercial property is considered low in intensity in terms of emissions, waste, energy use, and materials. Social and governance impacts are limited due to the passive nature and localised scope of the Group's operations and the regulated environment in which it operates.

Climate-related financial disclosures will become mandatory for Australian entities that are required to lodge financial reports under Chapter 2M of the *Corporations Act 2001 (Cth)* ("Corporations Act"). Amendments to the legislation will require entities that are within scope of the mandatory climate-related financial disclosure to prepare a sustainability report in accordance with the Australian Accounting Standards Board's ("AASB") three proposed Australian Sustainability Reporting Standards ("ASRS").

The draft legislation remains in consultation and proposes a phased implementation approach for introducing the standards based on an entity meeting a prescribed size threshold, or where they are a 'registered corporation' reporting under the *National Greenhouse and Energy Reporting Act 2007*. If the implementation thresholds are adopted as proposed, the Group will be required to report against the new standards from the 2026/27 financial year[1].

BWP is proactively aligning its practices and policies and is well prepared to comply with the forthcoming ASRS. The primary areas of focus include preparing for assurance requirements, reducing the emission intensity of its properties, improving data quality, understanding the Group's value chain and assessing opportunities to support tenants to reduce their emissions intensity where it makes sense to do so.

[1] Australian Accounting Standards Board (AASB) (2023). Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information: Exposure Draft ED SR, p5–6.

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Ongoing commitment to emissions reduction

BWP continues to focus on improving the energy efficiency of its properties, replacing ozone-depleting air conditioning units in some of the older properties, improving data quality, understanding its value chain and assessing opportunities to support tenants to reduce their emissions intensity where it makes sense to do so.

The Group's Scope 2 emissions remain considerably below the mandatory National Greenhouse and Energy Reporting Act 2007 reporting threshold (25,000 of tonnes carbon dioxide equivalent ("CO_2e")). Opportunity exists in continuing to improve the emissions intensity of the recently acquired NPR multi-tenanted portfolio, through lighting practices, solar deployment and renewable electricity procurement.

Adapting for a low-carbon economy

ACTIONS	PROGRESS DURING THE YEAR	PRIORITIES
Greenhouse gas emissions management	> 396 tonnes of CO_2e generated for the year ended 30 June 2024 of which 335 tonnes are attributable to the 12 month contribution from acquisitions completed in the year, but have only been within the Group's control for part of the reporting year[1]. > The Group surrendered 450 ACCUs to offset the 396 tonnes of CO_2e. > BWP solar installations (excluding Bunnings Warehouses) helped tenants reduce their emissions by 794 tonnes of CO_2e . > BWP completed its first Scope 3 emissions inventory in August 2023. BWP is focusing on working towards pre-assurance, and continuing to iterate and mature its approach to Scope 3 data.	> Improving the energy efficiency of properties with a particular focus on newly acquired assets. > Assessing opportunities to support tenants to reduce their emissions intensity where it makes sense to do so.
Preparing for Australian climate-related and sustainability-related standards	**Climate-related and sustainability-related governance**	
	> BWP has progressively aligned its practices and policies with the Taskforce for Climate-Related Financial Disclosure ("TCFD") recommendations and will continue to provide climate-related and sustainability-related disclosure in accordance with this framework.	
	Climate-related and sustainability-related risks	
	> BWP's annual risk and opportunity review was completed during the 2023/24 financial year. The outcomes of the assessment did not identify any material risks due to climate change. > BWP's 2024 Corporate Governance Statement summarises BWP's exposure to environmental and social risks, complemented by content within the Sustainability section of the BWP website.	> Exploring impacts of the Group's assets on biodiversity, nature-related risks and opportunities relevant to the Group's operations. > Reviewing BWP's materiality assessment for sustainability. > Identifying and managing transition risk and potential impacts relating to the transition to a low-carbon economy.
	Climate-related and sustainability-related strategy	
	> Procured renewable energy at seven properties where the Group is responsible for some electricity usage. > Completed external assurance of Scope 2 emissions inventory and gained confirmation of net-zero status again for 2024. > Continued to work with insurance advisors and providers to better understand the impact climate risk may have on insurance affordability and funding availability, particularly in relation to those assets in areas at higher risk of severe weather events.	> Identifying opportunities to reduce the environmental impact of the portfolio through investing in technology applications such as energy efficient LED lighting. > Identifying areas for improvement and opportunities to enhance the portfolio's ESG-related resilience. > Developing and understanding how different climate scenarios apply to BWP.
Property resilience	> A further eight air conditioning units were replaced to phase out ozone-depleting refrigerant models and initiatives were introduced to improve efficiency of air conditioning units. > Upgrades to new, more energy-efficient LED lights were installed at six properties during the year. > Solar power generation is installed at 41 properties owned by the Group. > A Tesla battery is installed at one property. The battery collects surplus energy from the solar installation at the property. > 78 per cent of properties have water tanks in place for the recycling of roof-collected rainwater. The decrease from the prior year is attributed to newly acquired properties where water tanks are not installed, or where the presence of a water tank has not yet been confirmed.	> Phasing out ozone-depleting air conditioning. > Working with major tenants to roll out energy efficient LED lighting into existing properties, as and when appropriate. > Working with major tenants to install roof-based solar panels on buildings where the energy saving benefits are significant and it makes sense to do so.
Customer and supplier engagement	> Continued dialogue with tenants regarding sustainability initiatives, particularly in relation to reducing energy consumption through the upgrade of lighting in existing stores to energy efficient LED technology, and the installation of solar power generation.	> Engaging with the Group's tenants for a cooperative approach to sustainability initiatives, particularly in relation to LED lighting, and solar energy capture.
Environmental, social and governance reporting	> Participating in the 2024 CDP (formerly the Carbon Disclosure Project).	> Reporting on progress to improve the energy efficiency of the Group's properties in reducing operational carbon emissions. > Working to understand the impacts of the Group's assets on biodiversity.

[1] The Group's Scope 2 market-based emissions total assumes control of properties for a full 12 month period.

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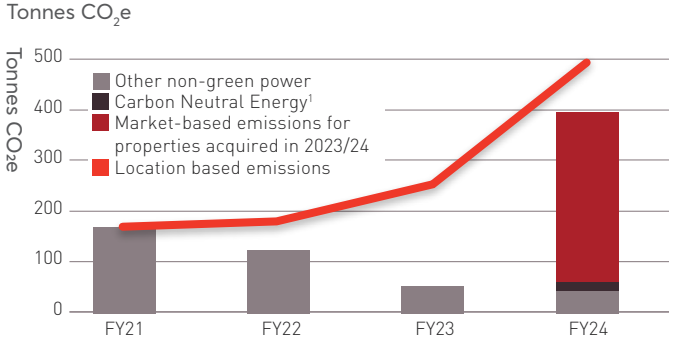
Assessing the Group's impact

Emissions and energy

UNDERSTANDING THE GROUP'S GREENHOUSE GAS EMISSIONS PROFILE

Scope 2 emissions – total market-based and location-based emissions



SCOPE 1 **Direct emissions within BWP's operational control**	SCOPE 2 **Indirect emissions from purchased electricity within the Group's operational control**	SCOPE 3 **Indirect emissions generated within the Group's operational control**	SCOPE 3 **Indirect emissions from assets leased by the Group to others**
No Scope 1 emissions are produced as the Group's business activities do not directly release emissions into the atmosphere.	**Upstream emissions**		**Downstream emissions**
	Taking into account green electricity usage and ACCUs surrendered during the period, the Group's net Scope 2 emissions position for the year ended 30 June 2024 was zero tonnes CO_2e. Indirect emissions from purchased electricity were 396[2] tonnes CO_2e. When adjusted for the acquisition of properties and construction activity at one property[3], the Scope 2 emissions of the Group increased 7.1 per cent from 2023. This increase can be attributed to changes in the lighting practices at some properties, where adjustments were required to meet the changing safety requirements of tenants, and lighting practices at vacant properties. Changes in renewable energy procurement also contributed to the increase in emissions. The Group is working to understand the energy requirements of new acquisitions and to identify emissions reduction opportunities at these properties. The emissions intensity of these properties is expected to reduce with a focus on operational changes including lighting practices, and renewable energy procurement.	The Group completed its first Scope 3 inventory in 2023 and is focusing on working towards pre-assurance, and continuing to iterate and mature its approach to Scope 3 data. The most significant contributor to Scope 3 emissions, other than those relating to assets leased by BWP to others, relate to the emissions associated with the purchase of goods and services, and capital goods. The Responsible Entities of the Group are 100 per cent owned by Wesfarmers. Employees from Wesfarmers are seconded to the responsible entity and, as such, business-related travel and emissions relating to employee commuting incurred by the responsible entity are reported by Wesfarmers.	This is the most material category of emissions for the Group as it comprises Scope 1 and Scope 2 emissions of tenants. The most significant contributor to this category of Scope 3 emissions is Bunnings, as it comprised approximately 80 per cent of the portfolio at 30 June 2024. Bunnings continues to progress towards its targets to achieve 100 per cent renewable electricity by 2025 and net-zero Scope 1 and 2 emissions by 2030[4]. The Group continues to expand its understanding of its Scope 3 inventory in order to support value chain engagement, with a focus on working towards pre-assurance and continuing to iterate and mature its approach to Scope 3 data.

Organisational boundaries, methodology and definitions

The Group reports Greenhouse Gas ("GHG") emissions, in accordance with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)'s GHG Protocol and National Greenhouse and Energy Reporting Act 2007 and the National Greenhouse and Energy Reporting (Measurement) Determination 2008. Reporting is confined to those aspects of the business over which the Group has operational control.

[1] Carbon Neutral Energy refers to the energy acquired by BWP during the 2023/24 financial year where the emissions associated with the consumption of this energy are offset by the electricity provider, effectively reducing the net carbon emissions to zero. Under the market-based emissions calculation methodology used in NGERs, the application of offsets by the electricity provider is not recognised, and emissions associated with this consumption are calculated and included in BWPs total as a conservative approach.

[2] The Group's Scope 2 market-based emissions total assumes control of properties for a full 12 month period.

[3] The increase in Scope 2 market-based emissions between 2023 and 2024 was largely attributable to the acquisition of nine new properties under the NPR transaction.

[4] Wesfarmers Annual Report, 30 June 2023, p23.

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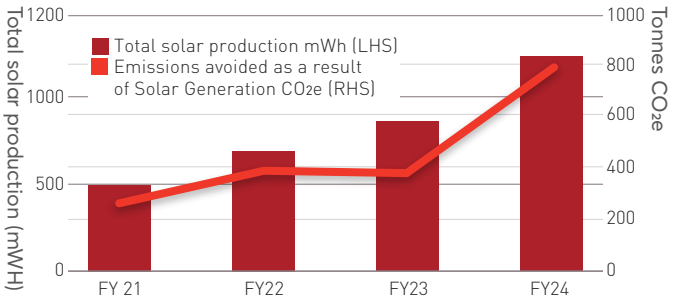
ENERGY GENERATION

In addition to the net-zero Scope 2 emissions position recorded for the year, solar production for the year ended 30 June 2024 was 1,254 mWh (30 June 2023: 693.7 mWh). The solar power produced is used by the Group's tenants in common areas where the Group has some operational control, or fed back into the grid for use by other network customers. This solar power generation enabled the Group to avoid 794 tonnes of CO_2e compared to 390 tonnes of CO_2e in the prior corresponding period.

Energy generation



ENVIRONMENT	SOCIAL		
Nature & Biodiversity	**Diversity & Gender**	**Human Rights**	**United Nations Global Compact**
The finalised Taskforce on Nature-related Financial Disclosures ("TNFD") recommendations were formally issued for market adoption in September 2023. Participation in TNFD is currently voluntary and provides a risk management and disclosure for organisations to act on and report against for evolving nature-related risks and opportunities. The overarching intention of this framework is to shift global financial flows away from nature-negative outcomes and toward nature-positive outcomes. BWP will explore impacts of its assets on biodiversity, nature-related risks and opportunities relevant to the Group's operations in preparation for mandatory adoption. **Scale, scope and context** > The Group owns 82 properties, all in Australia. > At 30 June 2024, the total area of land owned by the Group was approximately 260.7 hectares. > BWP does not typically engage in development work (other than capital expenditure related to the repositioning of a property where a vacancy has occurred). > BWP generally acquires established properties or developments that pass to BWP upon completion.	BWP Trust is an externally managed listed entity and does not have any direct employees. The Group's 2024 Corporate Governance Statement can be viewed in the Corporate Governance section under the **About Us** tab of BWP's website. The Responsible Entity's Board and ten team members are subject to Wesfarmers' Diversity Policy. To the extent that it can with a small team, the Responsible Entity is committed to working within the guiding principles and objectives set out in the Wesfarmers' Diversity Policy. The Responsible Entity's commitment to diversity principles is reflected both in the Board's composition and in the workplace, where it is demonstrated daily by its support for flexible working arrangements for its team. The Responsible Entity has been able to attract and retain a high calibre team. The small management team plus part time Company Secretary is comprised 64 per cent male and 36 per cent female. There is equal gender representation on the Board. Given the small team size, changes in team composition can have a disproportionate impact on the gender diversity of the team. Importantly, any change in diversity ratio due to a small move in team composition does not reflect any deliberate bias or lack of inclusivity in BWP's recruitment process, or team dynamics. Instead, it is simply a consequence of a small team size.	The Responsible Entity is committed to addressing the risk of modern slavery in its business, supply chains and investments. The full details are provided in BWP's Modern Slavery statement and minimum standards expected of suppliers can be viewed in the Corporate Governance section under the **About Us** tab of BWP's website. Modern slavery risk in BWP's supply chains was considered during the reporting period. Some categories of supplier risk have been identified as focus areas, but overall, the Group's exposure to modern slavery risk is not considered to be material in view of the nature of the Group's business and its small number of primarily Australian suppliers. BWP have reviewed Modern Slavery Statements submitted by its material suppliers and has been satisfied that these suppliers understand their obligations under the Modern Slavery legislation. No modern slavery practices either at the Group's operations or in its supply chain were identified in 2023. BWP has continued working with its suppliers and other stakeholders in 2024 to ensure that no individual is subjected to modern slavery or related labour exploitation within its supply chain. **Scale, scope and context** > Headquartered in Western Australia. > Operated by a small team of ten – responsible for leasing, property management, development management and all of the corporate and compliance functions of an ASX-listed entity operating in the financial services sector under an AFSL. > Large format retail customer base – primarily Bunnings. > Around 100 suppliers – mostly Australian. > Land and building assets located in Australia. > Owned by approximately 24,000 unitholders.	BWP Management Limited ("BWPML"), the responsible entity for BWP is 100 per cent owned by Wesfarmers, who have committed to the United Nations Global Compact ("UNGC") corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. As part of the broader Wesfarmers group and operating under the same values and principles, there is an expectation that BWPML upholds the same high standards of social responsibility and sustainability. This statement is not a symbolic gesture, but evidenced by the policies and processes which are integrated into the Group's operations; its continued work to reduce its carbon footprint and improve the energy efficiency at its properties; and the Group's work to ensure no individual is subjected to modern slavery or related labour exploitation within our supply chain.

Corporate governance

We believe good corporate governance is essential for the achievement of our corporate objectives and for protecting the interests of our unitholders and stakeholders.

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Board of the Responsible Entity provides the leadership and directional guidance including setting the tone for our governance standards. Our management team is committed to high standards of corporate governance, recognising its importance to the performance and long term success of our business.

CORPORATE GOVERNANCE FRAMEWORK

BWP's corporate governance framework is underpinned by BWP's Compliance Plan and supported by the Responsible Entity's policies, systems, procedures and practices. Independent external specialists and advisors are engaged where appropriate to provide additional assurance that our governance framework operates effectively.

The key components of our Corporate Governance Framework are illustrated in the diagram below.

REPORTING OF CORPORATE GOVERNANCE PRACTICES

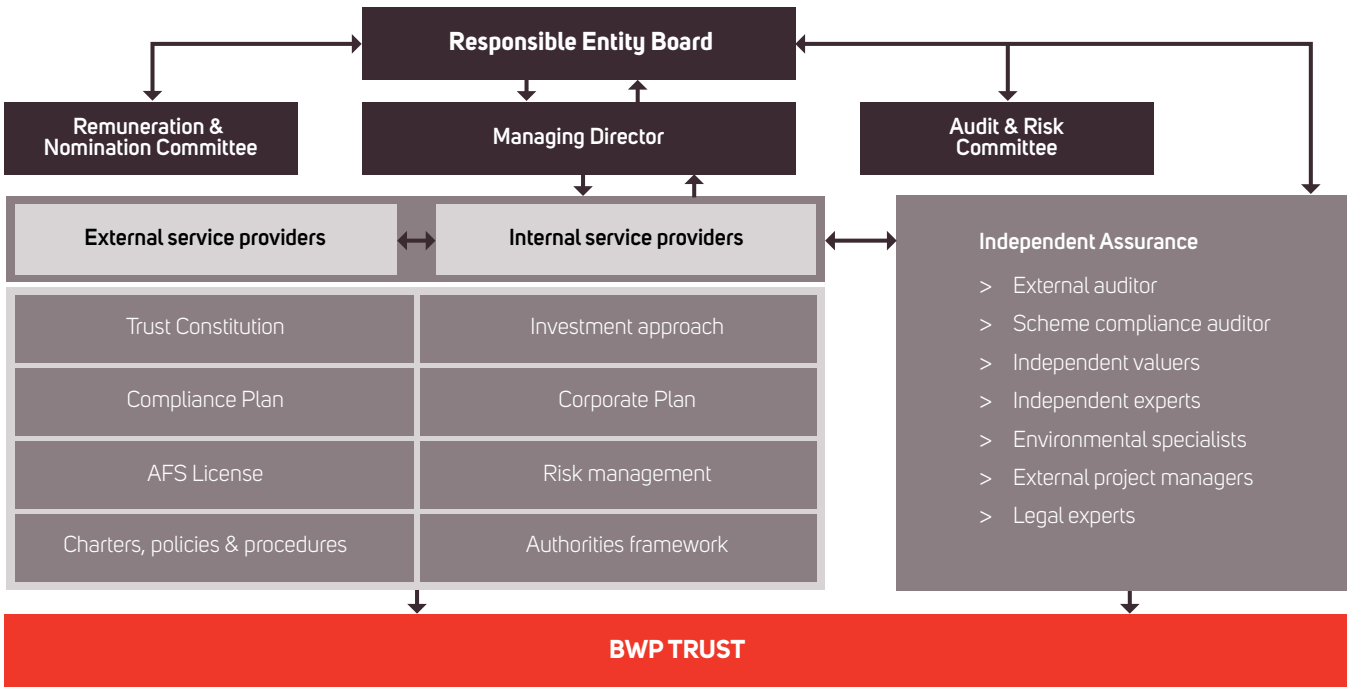
Under ASX Listing Rule 4.10.3, ASX-listed entities are required to report their corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (ASX Recommendations) and disclose any departure from those ASX Recommendations.

BWP is classified by the ASX as an "externally managed listed entity". As such, there are some ASX Recommendations that are not applicable to BWP. Notwithstanding, we have provided additional disclosures where practicable that demonstrate BWP's commitment to good corporate governance.

OUR COMPLIANCE IN 2024

Unless stated otherwise, the practices described in our 2024 Corporate Governance Statement were in place throughout the reporting period and are current as at the date of this statement. The Corporate Governance Statement is dated 14 August 2024 and has been approved by the Board of the Responsible Entity.

BWP's 2024 Corporate Governance Statement can be viewed in the Corporate Governance section under the **About Us** tab of BWP's website along with the charters and policies referred to in the Statement.



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Board of directors



TONY HOWARTH AO

CitWA, Hon.LLD (UWA), SF Fin(Life), FAICD(Life)
Chairman, Non-executive external director

Member of the Audit and Risk Committee
Chairman of the Remuneration and Nomination Committee

Joined the Board in October 2012 and was appointed Chairman in March 2022. Tony is a Life Fellow of the Australian Institute of Company Directors and the Financial Services Institute of Australasia and has more than 30 years' experience in the banking and finance industry. He has held several senior management positions during his career, including Managing Director of Challenge Bank Limited and Chief Executive Officer of Hartleys Limited.

Tony is a director of ASX-listed company Coventry Group Ltd and Chairman of Alinta Energy Pty Limited. He was previously Chairman of Home Building Society Ltd, St John of God Health Care Inc and Deputy Chairman of Bank of Queensland Ltd. He is a former director of Wesfarmers Limited (retiring in 2019).



MARK SCATENA

BE, MBA, GradDipAppFin
Managing Director

Appointed to the Board as Managing Director on 26 September 2023. Since joining the Wesfarmers Group in 2001, Mark has held senior roles across WesCEF (the Wesfarmers Chemicals, Energy and Fertilisers division of Wesfarmers), Target, Coles and Wesfarmers. Most recently he was General Manager of CSBP Fertilisers. He has previously held leadership positions at Target, including as Chief Financial Officer and General Manager Strategy, Online and Supply Chain; at Wesfarmers as General Manager Investor Relations and Planning; and at Coles where he was General Manager Finance, supporting the store development, store operations and property and store network planning functions.

At the Board's request and as part of BWP's takeover bid in 2024 for ASX-listed Newmark Property REIT (NPR), Mark joined the board of NPR Management Limited (the Responsible Entity for NPR) on 27 March 2024. NPR was removed from the Official List of the ASX on 23 May 2024 following compulsory acquisition of its remaining securities.

Mark is a member of the St John of God Health Care board.



DANIELLE CARTER

BA/BCom, Grad DipAppFin, CA, GAICD
Non-executive external director

Member of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Appointed to the Board in December 2021. Danielle is a professional non-executive director who has more than 25 years' combined real estate and financial services industry experience.

Danielle has held senior executive roles at BlackRock; boutique fund manager SG Hiscock & Company; and financial advisory firm Strategic Financial Management. At BlackRock, Danielle was a Fund Manager responsible for BlackRock Australia's listed, unlisted and direct real estate assets and a member of the Australia/Asia Investment Committee.

Danielle is a non-executive director of Dexus Asset Management Limited, the responsible entity for ASX-listed Dexus Industria REIT and ASX-listed Dexus Convenience Retail REIT. She was previously a non-executive director of APN Property Group, which was an ASX-listed real estate investment manager until it became part of Dexus in August 2021.



FIONA HARRIS AM

BCom, FCAANZ, FAICD
Non-executive external director

Chairman of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Joined the Board in October 2012. A professional non-executive director for the past 30 years, Fiona has held board positions on approximately 30 companies covering a wide range of industries and geographies. She is a former member of the National Board and a former WA State President of the Australian Institute of Company Directors and a member of Chief Executive Women. Fiona is currently a director of unlisted companies Perron Group Limited and Linear Clinical Research Limited. She was previously a director of ASX listed companies Red 5 Ltd and Oil Search Limited.

In addition, and at the Board's request as part of BWP's takeover bid in 2024 for ASX-listed Newmark Property REIT (NPR), Fiona joined the board of NPR Management Limited (the Responsible Entity for NPR) on 27 March 2024. NPR was removed from the Official List of the ASX on 23 May 2024 following compulsory acquisition of its remaining securities.

Fiona was previously a Sydney-based partner of chartered accountants, KPMG, retiring in December 1994.



ALISON QUINN

BCom, FAIM, FUDIA, GAICD
Non-executive external director

Member of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Joined the Board in December 2019. Alison is an experienced director, CEO and executive with an extensive background in property development, aged care, banking and finance. Between 2016 and 2019, she was CEO of RetireAustralia. Prior to that, she held a number of senior executive positions with entities including Aveo Limited, Growth Management Queensland and Mulpha Group.

Alison is a non-executive director of SunCentral Maroochydore Pty Ltd; Ability First - Australia Limited; Uniting Care Queensland and Oak Tree Holdings Pty Ltd. She is also a director of Economic Development Queensland and a member of the Advisory Board for ADCO Constructions Pty Ltd.



MIKE STEUR

DipVal, FPINZ(Life), FRICS, FAPI, MAICD
Non-executive external director

Member of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Joined the Board in February 2015. Mike is a professional director who has more than 35 years' experience in property, spanning valuation, asset management and advisory within Australia, New Zealand, the Pacific Islands and across Asia.

He has previously held senior executive roles at CBRE and was previously Chair of the Royal Institution of Chartered Surveyors Global Valuation Professional Group. Mike is an experienced non-executive director, currently serving on the boards of Dexus Wholesale Property Limited, Dexus Wholesale Funds Limited, Centuria Funds Management (NZ) Limited and other Centuria-related entities.

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Financial statements

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BCF, HERVEY BAY, QLD

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated June 2024 $000	Consolidated June 2023 $000
Revenue	1	**174,460**	158,156
Expenses			
Finance costs	2	**(25,444)**	(16,719)
Responsible entity's fees	2	**(18,566)**	(17,864)
Other operating expenses	2	**(11,185)**	(10,018)
Total expenses		**(55,195)**	(44,601)
Profit before fair value movements		**119,265**	113,555
Remeasurement to fair value of derivatives	3	**(380)**	-
Unrealised gains/(losses) in fair value of investment properties	6	**61,337**	(76,862)
Profit attributable to the unitholders of BWP Trust		**180,222**	36,693
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges:			
- Realised gains transferred to profit or loss		**(136)**	(7)
- Unrealised gains on cash flow hedges		**61**	347
Total comprehensive income for the year attributable to the unitholders of BWP Trust		**180,147**	37,033
Basic and diluted earnings (cents per unit)	12	**27.29**	5.71

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

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Consolidated statement of financial position

AS AT 30 JUNE 2024

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	Note	Consolidated June 2024 $000	Consolidated June 2023 $000
ASSETS			
Current assets			
Cash	4	**27,300**	16,832
Receivables and prepayments	5	**10,609**	6,420
Derivative financial instruments	13	**3,553**	-
Assets held for sale	6	**10,000**	-
Total current assets		**51,462**	23,252
Non-current assets			
Derivative financial instruments	13	**265**	340
Investment properties	6	**3,534,600**	2,936,600
Total non-current assets		**3,534,865**	2,936,940
Total assets		**3,586,327**	2,960,192
LIABILITIES			
Current liabilities			
Payables and deferred income	7	**41,035**	26,290
Distribution payable	8	**66,143**	59,549
Total current liabilities		**107,178**	85,839
Non-current liabilities			
Interest-bearing loans and borrowings	9	**771,599**	468,473
Total non-current liabilities		**771,599**	468,473
Total liabilities		**878,777**	554,312
Net assets		**2,707,550**	2,405,880
EQUITY			
Equity attributable to unitholders of BWP Trust			
Issued capital	10	**1,191,167**	945,558
Hedge reserve	11	**265**	340
Undistributed income		**1,516,118**	1,459,982
Total equity		**2,707,550**	2,405,880

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

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated June 2024 $000	Consolidated June 2023 $000
Cash flows from operating activities			
Rent received		**198,194**	177,534
Payments to suppliers		**(25,719)**	(24,507)
Payments to the responsible entity		**(18,638)**	(17,637)
Finance income		**754**	240
Finance costs		**(25,828)**	(15,878)
Net cash flows from operating activities	4	**128,763**	119,752
Cash flows from investing activities			
Receipts from the sale of investment properties		**66,732**	2,664
Payments for purchase of, and additions to, investment properties		**(92,006)**	(12,817)
Cash acquired from new subsidiaries		**2,135**	-
Net cash flows used in investing activities		**(23,139)**	(10,153)
Cash flows from financing activities			
Proceeds from borrowings		**303,463**	12,870
Repayments of borrowings		**(274,980)**	-
Transaction costs - equity issued		**(6,147)**	-
Distributions paid		**(117,492)**	(117,492)
Net cash flows used in financing activities		**(95,156)**	(104,622)
Net increase in cash		**10,468**	4,977
Cash at the beginning of the financial year		**16,832**	11,855
Cash at the end of the financial year	4	**27,300**	16,832

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

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Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

Consolidated	Issued capital $000	Hedge reserve $000	Undistributed income $000	Total $000
Balance at 1 July 2022	945,558	-	1,540,781	2,486,339
Profit attributable to unitholders of BWP Trust	-	-	36,693	36,693
Other comprehensive income: Effective portion of changes in fair value of cash flow hedges	-	340	-	340
Total comprehensive income for the year	-	340	36,693	37,033
Distributions to unitholders	-	-	(117,492)	(117,492)
Total transactions with unitholders of BWP Trust	-	-	(117,492)	(117,492)
Balance at 30 June 2023 and 1 July 2023	**945,558**	**340**	**1,459,982**	**2,405,880**
Profit attributable to unitholders of BWP Trust	-	-	180,222	180,222
Other comprehensive loss: Effective portion of changes in fair value of cash flow hedges	-	(75)	-	(75)
Total comprehensive income for the year	-	(75)	180,222	180,147
Issue of units – scrip for scrip offer	251,756	-	-	251,756
Distributions to unitholders	-	-	(124,086)	(124,086)
Total contributions and distributions	251,756	-	(124,086)	127,670
Transaction costs	(6,147)	-	-	(6,147)
Total changes in ownership interests	(6,147)	-	-	(6,147)
Total transactions with unitholders of BWP Trust	245,609	(75)	56,136	301,670
Balance at 30 June 2024	1,191,167	265	1,516,118	2,707,550

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

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Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

BWP Trust ("the Trust") is a for profit unit trust of no fixed duration, constituted under a Trust Deed dated 18 June 1998 as amended, and the Trust's units are publicly traded on the Australian Securities Exchange ("ASX"). The Trust is managed by BWP Management Limited ("BWPM" or "the responsible entity"). Both the Trust and the Responsible Entity are domiciled in Australia.

The BWP Trust group (the "Group") comprises the Trust and its controlled entities (subsidiaries) per Note 14. The subsidiary Trusts[1] are managed by NPR Management Limited, which is a 100 per cent owned subsidiary of BWPM.

The Group has a policy to invest in well-located, geographically-diversified properties with long-term leases to substantial tenants, predominantly in the large format retail sector, with the purpose of providing unitholders with a secure, growing income stream and capital growth.

Under current Australian income tax legislation, BWP is not liable for income tax, provided that its taxable income (including any realised capital gains) is fully attributed to unitholders each year.

ABOUT THIS REPORT

The consolidated financial report for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors of the responsible entity on 14 August 2024. The directors have the power to amend and reissue the financial report.

The consolidated 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,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for investment properties and derivative financial instruments, which have been measured at their fair value;
- is presented in Australian dollars, which is the Group's functional and presentation currency, and all values are rounded to the nearest thousand dollars ($000) under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, unless otherwise stated; and
- does not early adopt a number of new standards, amendments to standards and interpretations that have been issued or amended but are not yet effective. The potential impact of the new standards, amendments to standards and interpretations has been considered and they are not expected to have a significant effect on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in Note 14.

The financial statements of subsidiary entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-entity balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. Acquisitions of subsidiaries which qualify as business combinations are accounted for using the acquisition method of accounting.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, management regularly evaluates judgements, estimates and assumptions based on experience and other factors, including expectations about future events that may have an impact on the Group. Judgements and estimates which are material to the financial report are found in the following notes:

Note 6: Investment properties	Page 44 and 45
Note 14: Subsidiaries	Page 51

OTHER ACCOUNTING POLICIES

Material and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

SEGMENT INFORMATION

The Group determines and presents its operating segment based on the internal information that is provided to the Managing Director of the Trust's responsible entity, who is the Group's chief operating decision maker.

The Group operates wholly within Australia and derives rental income from investments in commercial warehouse properties and as such this is considered to be the only segment in which the Group is engaged.

The operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated and to assess performance. There are no reconciling items that exist between the discrete financial information reviewed by the Managing Director and the financial statements of the Group relating to revenue, profit or loss, assets and liabilities or other material items.

[1] The subsidiary Trusts comprise of NPR Trust No. 1, NPR Trust No. 2, NPR Trust No. 3, NPR Trust No. 4.

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SIGNIFICANT ITEMS IMPACTING THE CURRENT REPORTING PERIOD

Merger of BWP Trust and Newmark Property REIT ("NPR")

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")[1] as responsible entity of Newmark Property REIT (ASX:NPR) in relation to a proposal to merge BWP with NPR (the "Merger Proposal") by way of an off-market takeover.

The Merger Proposal was for an all-scrip transaction, pursuant to which NPR securityholders received 0.4 BWP units for every 1.0 NPR security held (the "Merger Ratio"). The Trust gained a controlling interest in the stapled securities[2] of NPR on 28 March 2024, with BWP completing compulsory acquisition of the NPR securities, under the provisions of the *Corporations Act* (Cth) on 21 June 2024 and hence owning 100 per cent of issued NPR securities at 30 June 2024.

The consolidated results presented in this report include NPR from 28 March 2024, being the date BWP obtained control of NPR.

The Trust accounted for the merger as an asset acquisition, rather than a business combination, with the Trust acquiring nine NPR properties, all with similar characteristics to properties already owned by the Trust, representing approximately 98 per cent of the gross assets of NPR. The $540 million acquisition cost of the nine properties is based on the 71,127,438 units issued at an average unit price of $3.54, together with NPR debt acquired of $280 million and transaction costs of $16 million, less $8 million of working capital balances.

1. REVENUE

	Consolidated	
	June 2024 $000	June 2023 $000
Rental income	**173,278**	157,329
Other property income	**428**	587
Finance income	**754**	240
Revenue	**174,460**	158,156

Recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured using the following criteria:

Rental and other property income

As required under AASB 16 *Leases*, rental income from operating leases is recognised on a straight-line basis over the lease term for leases that have fixed rental increases. Leases that are based on a variable future amount, including CPI linked rental increases, are only recognised when contractually due. An asset will be recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease revenue in future periods. These assets are recognised as a component of investment properties.

Finance income

Finance income is interest income on bank deposits and is recognised as the interest accrues, using the effective interest method.

[1] On 27 March 2024 BWPM acquired 100 per cent of NRML, and subsequently changed its name to NPR Management Limited ("NPRML").

[2] Fully paid units in NPR Trust No.1 and NPR Trust No. 4 were stapled together to form stapled securities which were listed on the ASX under the ASX code: NPR and could not be traded separately from one another.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

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2. EXPENSES

	Consolidated	
	June 2024 $000	June 2023 $000
Interest expense on debt facilities	**25,444**	16,719
Finance costs	**25,444**	16,719
Responsible entity's fees	**18,566**	17,864
Non-recoverable property costs[1]	**10,299**	9,186
Listing and registry expenses	**651**	550
Other	**235**	282
Other operating expenses	**11,185**	10,018

[1] Included in non-recoverable property costs are amounts paid or payable of $2,805,109 (2023: $3,067,328) for Queensland Land Tax which, under the relevant state legislation applicable at the time the lease was entered into, cannot be on-charged to tenants.

Recognition and measurement

Finance costs

Finance costs are recognised as an expense when incurred, with the exception of interest charges on funds invested in properties with substantial development and construction phases, which are capitalised to the property until such times as the construction work is complete.

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

Responsible entity's fees

The responsible entity of BWP Trust, BWPM, is entitled to a management fee payable quarterly in arrears of 0.55 per cent per annum of the gross asset value of the Trust.

The responsible entity is also entitled to a fee calculated at the rate of 0.05 per cent per annum of the gross asset value of the Trust up to $200 million and 0.035 per cent per annum of the amount by which the gross asset value of the Trust exceeds $200 million.

The responsible entity may waive the whole or any part of the remuneration to which it would otherwise be entitled (see Note 16).

Upon control of NPR being achieved, and prior to 100 per cent ownership of NPR, the management fee being paid to NPR Management Limited, the responsible entity of the NPR Trusts and 100 per cent owned subsidiary of BWPM, was maintained at 0.60 per cent of the gross asset value. Upon 100 per cent ownership of NPR being achieved, the trust deeds were amended to align the management fee with the fee charged by BWPM.

3. REMEASUREMENT TO FAIR VALUE OF DERIVATIVES

	Consolidated	
	June 2024 $000	June 2023 $000
Remeasurement to fair value of derivatives	**(380)**	-

The net fair value loss in relation to derivative financial instruments of $0.4 million arose as a result of the revaluation of interest rate cap and interest rate swap hedging instruments.

Further details about derivative financial instruments are disclosed in Note 13.

4. CASH

	Consolidated	
	June 2024 $000	June 2023 $000
Cash at bank	**27,300**	16,832
Weighted average effective interest rates	**4.18%**	2.90%

Reconciliation of operating profit to the net cash flows from operating activities:

	June 2024 $000	June 2023 $000
Profit for the year attributable to unitholders of BWP Trust	**180,222**	36,693
Net fair value change on investment properties	**(62,548)**	76,412
Net fair value change in derivatives	**380**	-
(Increase)/decrease in receivables and prepayments	**(4,036)**	2,393
Increase in payables and deferred income	**14,745**	4,254
Net cash flows from operating activities	**128,763**	119,752

Recognition and measurement

Cash at bank

Cash in the consolidated statement of financial position, and for the purposes of the consolidated statement of cash flows, comprises cash at bank and short-term deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates.

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5. RECEIVABLES AND PREPAYMENTS

	Consolidated	
	June 2024 $000	June 2023 $000
Receivables from Wesfarmers Limited[1] subsidiaries	**274**	1,299
Other receivables	**4,363**	938
Prepayments	**5,972**	4,183
	10,609	6,420

[1] Wesfarmers Limited is a related party (see Note 16).

Recognition and measurement

Impairment

Receivables of $0.1 million were overdue at 30 June 2024 (2023: $1.2 million).

An allowance for impairment in respect of receivables of $0.02 million has been made during the current year (2023: $1.0 million). Based on historic default rates and access to bank guarantees, no further impairment allowance is deemed necessary.

6. INVESTMENT PROPERTIES

Reconciliation of the carrying amount of investment properties:

	Consolidated	
	June 2024 $000	June 2023 $000
Balance at the beginning of the financial year	**2,936,600**	3,001,200
Divestments during the year	**(66,732)**	(2,664)
Reclassification to assets held for sale	**(10,000)**	-
Additions from acquisition of subsidiaries	**540,026**	-
Other acquisitions during the year	**32,010**	1,548
Capital improvements during the year	**41,880**	12,781
Interest capitalised during the year	**690**	147
Straight-line lease adjustments	**(1,211)**	450
Net unrealised gains/(losses) from fair value adjustments	**61,337**	(76,862)
Balance at the end of the financial year	**3,534,600**	2,936,600

a) Divestments

During the year BWP completed divestments to unrelated third parties of the ex-Bunnings Warehouses at Belmont North, New South Wales for $20.5 million, Wollongong, New South Wales for $40.0 million and Albany, Western Australia for $7.0 million (excluding selling costs).

b) Assets held for sale

At 30 June 2024 the ex-Bunnings Warehouse at Port Kennedy, Western Australia was being marketed for sale.

c) Additions from acquisitions of subsidiaries

The following nine properties were acquired as part of the NPR merger transaction.

Property	State
Chadstone	Victoria
Eastgardens	New South Wales
Lake Haven	New South Wales
Launceston	Tasmania
Maroochydore	Queensland
Melton	Victoria
Preston	Victoria
Underwood	Queensland
Warragul	Victoria

Refer to page 41 for further information on the transaction.

d) Other acquisitions

During the year BWP acquired for $10 million (excluding acquisition costs) Southport Showrooms, QLD and for $20 million (excluding acquisition costs) Broadmeadows Homemaker Centre, VIC, both from unrelated parties. Both properties adjoin BWP-owned Bunnings Warehouses.

Recognition and measurement

Investment property is initially measured at cost, including the associated transaction costs including but not limited to stamp duty, and subsequently at fair value with any change therein recognised in profit and loss.

Subsequent revaluations to fair value according to the Group's revaluations policy may result in associated transaction costs appearing as a negative adjustment (loss) in fair value for the respective property, should the property be revalued to the initial purchase price.

Where assets have been revalued, the potential effect of the capital gains tax ("CGT") on disposal has not been taken into account in the determination of the revalued carrying amount. The Trust does not expect to be ultimately liable for CGT in respect of the sale of assets as all realised capital gains would be attributed to unitholders.

Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale the assets are remeasured in accordance with the Group's other accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Fair value - hierarchy

The Group is required to categorise the fair value measurement of investment properties based on the inputs to the valuations technique used. All investment properties have been categorised on a Level 3 fair value basis as some of the inputs required to value the properties are not based on "observable market data".

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

6. INVESTMENT PROPERTIES (CONTINUED)

Fair value – valuation approach

Key judgement

The Group has a process for determining the fair value of investment properties at each balance date, applying generally accepted valuation criteria, methodology and assumptions detailed below. Valuations are completed based on current market evidence at the date of each report, reflecting known criteria at that time and do not include unknown future impacts.

An independent valuer, having an appropriate professional qualification and recent experience in the location and category of property being valued, values individual properties every three years on a rotation basis. The independent valuer determines the most appropriate valuation method for each property (refer below).

In accordance with the Group's policy, the following properties were independently valued at 30 June 2024:

Property
Balcatta
Bayswater
Gladstone
Joondalup
Lismore
Mandurah
Southport
Wallsend

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

The directors adopt the following valuation methodologies for all remaining properties, and these methodologies are subject to an independent review process by Jones Lang LaSalle.

Valuation methodologies

Discounted cash flow

The discounted cash flow method calculates a property's value by using projections of reliable estimates of future cash flows, derived from the term of any existing leases, and from external evidence such as current market rents for similar properties in the same area and condition, and using discount rates that reflect the current market assessments of the uncertainty in the amount and timing of cash flows specific to the asset.

Capitalisation of income valuation

The capitalisation of income valuation method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments. The capitalisation rate used varies across properties. Valuations reflect, where appropriate, lease term remaining, the relationship of current rent to the market rent, location, prevailing investment market conditions and for Bunnings Warehouses, distribution of competing hardware stores.

Inputs used to measure fair value	Range of individual property inputs
Adopted capitalisation rate	4.00% – 14.21%
Gross rent p.a ($000)	575 – 5,696
Occupancy rate	99.1% as at 30 June 2024
Lease term remaining (years)	0.25 – 11.46

While the current economic outlook is challenging to forecast, including interest rate uncertainty in the medium to long term, the fair value assessment of the Group's portfolio at the reporting date includes the best estimates using information available at the time of preparation of the financial statements. There are many variables that may affect the Group's property valuations in the future. For instance, the impact of an increase in capitalisation rates by 25 basis points (0.25%) across the whole portfolio, assuming all other variables such as rent remain the same, would see a decrease of $156.1 million in the value of the Group's investment properties.

Leasing arrangements

The Group has entered into commercial property leases on its investment portfolio with the majority of its properties being leased to Bunnings Group Limited ("BGL") (refer Notes 13 and 16).

Bunnings Warehouse leases generally commit the tenant to an initial term of 10, 12 or 15 years, followed by a number of optional terms of five or six years each, with each option exercisable by the tenant. Leases to non-Bunnings tenants generally commit the tenant to an initial term of between five and 10 years, followed by one or a number of optional terms of five years each exercisable by the tenant.

At 30 June 2024, the minimum lease expiry (being the duration until the tenants' committed terms expire) for the Group's investment properties is 0.25 years (2023: 0.36 years) and the maximum lease expiry is 11.46 years (2023: 12.46 years), with a weighted average lease expiry for the portfolio of 3.8 years (2023: 3.5 years).

There are no lease commitments receivable as at the reporting date and there were no contingent rentals recognised as revenues in the financial year.

Future minimum non-cancellable lease rental revenues are:

	Consolidated	
	June 2024 $000	June 2023 $000
Not later than one year	**195,707**	157,157
One to two years	**159,968**	138,619
Two to three years	**108,679**	103,035
Three to four years	**76,216**	59,301
Four to five years	**66,192**	32,258
Later than five years	**163,853**	76,790
	770,615	567,160

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6. INVESTMENT PROPERTIES (CONTINUED)

Recognition and measurement

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Key judgement

The Group has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

The rental revenues of operating leases are included in the determination of the net profit in accordance with the revenue recognition policy at Note 1.

Leasing fees incurred in relation to the ongoing renewal of major tenancies are deferred and amortised over the lease period to which they relate.

Lease incentives, which may take the form of up-front payments, contributions to certain lessees' costs, relocation costs and fit-outs and improvements, are recognised on a straight line basis over the lease term as a reduction of rental income.

7. PAYABLES AND DEFERRED INCOME

	Consolidated	
	June 2024 $000	June 2023 $000
Trade creditors and accruals	**22,477**	13,002
Responsible entity's fees payable	**4,866**	4,938
Rent received in advance	**13,692**	8,350
	41,035	26,290

Recognition and measurement

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not these have been billed to the Group. These liabilities are normally settled on 30 day terms except for the responsible entity's fees payable, which are settled quarterly in arrears, and retention monies withheld on construction projects which are settled according to the terms of the construction contracts.

The Group's exposure to liquidity risk in respect of payables is disclosed in Note 13.

8. DISTRIBUTIONS PAID OR 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:

	Consolidated	
	June 2024 $000	June 2023 $000
9.02 cents (2023: 9.02 cents) per unit, interim distribution paid on 28 February 2024	**57,943**	57,943
9.27 cents (2023: 9.27 cents) per unit, final ordinary distribution provided	**66,143**	59,549
	124,086	117,492
Profit attributable to unitholders of BWP Trust	**180,222**	36,693
Capital profits released from undistributed profit	**1,830**	3,930
Release of the preacquisition NPR distribution received	**3,365**	-
Net unrealised (gains)/losses in fair value of investment properties	**(61,337)**	76,862
Distributable profit for the year	**124,080**	117,485
Opening undistributed profit	**6**	13
Closing undistributed profit	**-**	(6)
Distributable amount	**124,086**	117,492
Distribution – ordinary (cents per unit)	**18.29**	18.29

Recognition and measurement

Each reporting period the directors of the responsible entity are required to determine the distribution entitlement of the unitholders in respect of the period. Any amounts so determined but not paid by the end of the period are recorded as a liability.

The recording of the distribution payable at each reporting date as a current liability has resulted in the Group's current liabilities exceeding its current assets as at 30 June 2024 by $55.7 million. This is a timing issue, as the Group repays its interest-bearing loans and borrowings during the period from net profit and draws down its interest-bearing loans and borrowings when the distribution payments are made in August and February of each year. As at 30 June 2024 the Group had $182.3 million of undrawn facilities available to draw down in excess of the shortfall.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

9. INTEREST-BEARING LOANS AND BORROWINGS

As at 30 June 2024 the Trust had the following borrowings:

		June 2024		June 2023	
	Expiry date	Limit $000	Amount drawn $000	Limit $000	Amount drawn $000
Bank debt facilities					
Sumitomo Mitsui Banking Corporation ("SMBC")	24 January 2026	**100,000**	**100,000**	-	-
Westpac Banking Corporation ("WBC")	30 April 2026	**135,000**	**92,300**	135,000	53,100
Westpac Banking Corporation	31 July 2026	**85,000**	**-**	-	-
Sumitomo Mitsui Banking Corporation	15 March 2027	**110,000**	**85,000**	110,000	110,000
Commonwealth Bank of Australia ("CBA")	31 July 2027	**150,000**	**120,400**	110,000	52,900
Bank of China	26 June 2028	**50,000**	**50,000**	-	-
Institutional term loan	29 November 2030	**75,000**	**75,000**	-	-
		705,000	**522,700**	355,000	216,000
Corporate bonds					
Fixed term seven-year corporate bond	10 April 2026	**150,000**	**150,000**	150,000	150,000
Fixed term seven-year corporate bond	24 March 2028	**100,000**	**100,000**	100,000	100,000
(Prepaid)/accrued borrowing costs			**(1,101)**		2,473
		250,000	**248,899**	250,000	252,473
		955,000	**771,599**	605,000	468,473

During the year the Group entered into or amended interest-bearing facilities as below, with much of the activity relating to the refinancing of the acquired debt as part of the NPR acquisition:

- new $75 million seven-year institutional term loan, maturing in November 2030, with CBA appointed as the paying agent.
- increased facility with CBA by $40 million to $150 million, with the facility extended to 31 July 2027.
- additional new facility of $100 million with SMBC, maturing on 24 January 2026.
- additional new facility of $85 million with WBC, maturing on 31 July 2026.
- new four year $50 million facility with Bank of China, maturing on 26 June 2028.

Recognition and measurement

The borrowings under the bank debt facilities are not secured by assets of the Group but are subject to reporting and financial undertakings by the Group to the banks under negative pledge agreements with each bank. The Group's corporate bonds are also not secured by assets of the Group but are subject to similar reporting and financial undertakings as the bank debt facilities.

Borrowings are classified as non-current liabilities if there is an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Refer to Note 13 for information on interest rate and liquidity risk.

At 30 June 2024 the minimum duration of the above debt facilities was 21 months (2023: 25 months) and the maximum was 77 months (2023: 57 months) with a weighted average duration of 35 months (2023: 38 months).

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are interest-bearing are included as part of the carrying amount of loans and borrowings.

Corporate bonds

On 10 April 2019, the Trust issued $100 million of fixed rate domestic bonds maturing on 10 April 2026. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 3.30 per cent per annum. An additional $50 million was issued to this facility on 29 May 2020.

On 24 March 2021, the Trust issued $100 million of fixed rate domestic bonds maturing on 24 March 2028. Interest is payable semi-annually in arrears on the fixed rate domestic bonds, at 2.20 per cent per annum.

Bank debt facilities

Interest is payable on bank debt facilities based on the Bank Bill Swap Bid Rate ("BBSY") interest rate for each respective drawdown plus a margin.

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10. ISSUED CAPITAL

	Number of ordinary units	$000
At 1 July 2023	**642,383,803**	**945,558**
Issue of units – scrip for scrip offer	**71,127,438**	**251,756**
Transaction costs	**-**	**(6,147)**
At 30 June 2024	**713,511,241**	**1,191,167**
At 1 July 2022 and 30 June 2023	642,383,803	945,558

Recognition and measurement

Units on issue

Units on issue are recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.

Rights

The Trust is a unit trust of no fixed duration and the units in the Trust have no right of redemption.

Each unit entitles the unitholder to receive distributions as declared and, in the event of winding up the Trust, to participate in all net cash proceeds from the realisation of assets of the Trust in proportion to the number of and amounts paid up on units held.

Distribution reinvestment plan

The Trust operates a distribution reinvestment plan ("DRP"). The DRP was suspended for the interim distribution for the half-year ended 31 December 2023 but was in place for the final distribution for the year ended 30 June 2024. An issue of units under the DRP results in an increase in issued capital unless the units are acquired on-market, which was the case during the financial year.

During the year the number of units acquired on-market was 2,066,459 (2023: 2,176,351) at a cost of $7.56 million (2023: $8.75 million).

11. HEDGE RESERVE

	June 2024 $000	June 2023 $000
Balance at the beginning of the financial year	**340**	-
Effective portion of changes in fair value of cash flow hedges:		
- Realised gains transferred to profit or loss	**(136)**	(7)
- Unrealised gains on cash flow hedges	**61**	347
Balance at the end of the financial year	**265**	340

Recognition and measurement

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

12. EARNINGS PER UNIT

	June 2024	June 2023
Net earnings used in calculating basic and diluted earnings per unit ($000)	**180,222**	36,693
Basic and diluted earnings per unit (cents)	**27.29**	5.71
Net earnings used in calculating basic and diluted earnings per unit excluding gains/(losses) in fair value of investment properties ($000)	**119,265**	113,555
Basic and diluted earnings per unit excluding gains/(losses) in fair value of investment properties (cents)	**18.06**	17.68
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	**660,305,578**	642,383,803

Recognition and measurement

Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders divided by the weighted average number of units. The diluted earnings per unit is equal to the basic earnings per unit.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

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13. FINANCIAL RISK MANAGEMENT

The Group holds financial instruments for the following purposes:

Financing: to raise funds for the Group's operations. The principal types of instruments are term advances ("bank loans") and corporate bonds.

Operational: the Group's activities generate financial instruments including cash, trade receivables and trade payables.

Risk management: to reduce risks arising from the financial instruments described above, including interest rate swaps.

The Group's holding of these instruments exposes it to risk. The Board of directors of the responsible entity has overall responsibility for the establishment and oversight of the Group's policies for managing these risks, which are outlined below:

> credit risk (Note 13(a));
> liquidity risk (Note 13(b)); and
> interest rate risk (Note 13(c)).

These risks affect the fair value measurement applied by the Group, which is discussed further in Note 13(e).

a) Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants, cash, and payments due to the Group under interest rate swaps.

Receivables

During the year the credit risk for 87.6 per cent (2023: 90.2 per cent) of the rental income was with five tenants:

	June 2024 %	June 2023 %
Bunnings Group Limited[1]	**81.5**	85.2
Officeworks Superstores Pty Ltd[1]	**2.0**	1.9
Australian Electoral Commission	**1.9**	0.8
Amart Furniture	**1.4**	1.5
Easy Auto 123 Pty Ltd	**0.8**	0.8

[1] Wholly owned subsidiaries of Wesfarmers Limited.

BGL, Officeworks Superstores Pty Ltd and Wesfarmers Limited are currently subject to a Deed of Cross Guarantee under which they covenant with a trustee for the benefit of each creditor that they guarantee to each creditor payment in full of any debt in the event of any entity that is included in the Deed of Cross Guarantee being wound up. Wesfarmers Limited has been assigned a credit rating of A-(Stable)/A2 by Standard & Poor's (A3 (Stable)/P2 – Moody's).

Cash

The Group limits its exposure to credit risk associated with its cash by maintaining limited cash balances and having cash deposited with reputable, major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

Derivative financial instruments

The Group limits its exposure to credit risk associated with future payments from its interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia, which are rated A- or higher by Standard and Poor's.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	June 2024 $000	June 2023 $000
Cash and short-term deposits	4	**27,300**	16,832
Receivables			
Wesfarmers Limited subsidiaries	5	**274**	1,299
Other tenants	5	**4,363**	938
		4,637	2,237
Derivative financial instruments		**3,818**	340
Total exposure		**35,755**	19,409

b) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as and when they fall due.

To assist in minimising the risk of having inadequate funding for the Group's operations, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and corporate bonds with different tenures, with the Group aiming to spread maturities to avoid excessive refinancing in any period. In respect to the Group's bank loans with Commonwealth Bank of Australia and Westpac Banking Corporation, while these have fixed maturity dates, the terms of these facilities allow for the maturity period to be extended by a further year each year subject to the amended terms and conditions being accepted by both parties. The Group also regularly updates and reviews its cash flow forecasts to assist in managing its liquidity.

Maturity of financial liabilities

The following are the contractual maturities of financial liabilities (including estimated interest payments) and receipts or payments of interest rate swaps. The amounts disclosed in the table following are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amount disclosed in the statement of financial position.

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	Carrying amount $000	Contractual cash flows $000	1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
30 June 2024						
Non-derivative financial liabilities						
Bank loans - principal	**(522,700)**	**(522,700)**	**-**	**(100,000)**	**(347,700)**	**(75,000)**
Bank loans - future interest	**-**	**(91,920)**	**(26,999)**	**(27,842)**	**(30,712)**	**(6,367)**
Corporate bonds	**(251,408)**	**(268,485)**	**(7,150)**	**(156,935)**	**(104,400)**	**-**
Payables and deferred income	**(41,035)**	**(41,035)**	**(41,035)**	**-**	**-**	**-**
	(815,143)	**(924,140)**	**(75,184)**	**(284,777)**	**(482,812)**	**(81,367)**
30 June 2023						
Non-derivative financial liabilities						
Bank loans - principal	(216,000)	(216,000)	-	-	(216,000)	-
Bank loans - future interest	-	(38,121)	(12,028)	(12,319)	(13,774)	-
Corporate bonds	(252,473)	(275,635)	(7,150)	(7,150)	(261,335)	-
Payables and deferred income	(26,290)	(26,290)	(26,290)	-	-	-
	(494,763)	(556,046)	(45,468)	(19,469)	(491,109)	-

c) Interest rate risk

Interest rate risk is the risk that the Group's finances will be adversely affected by fluctuations in interest rates. To help reduce this risk in relation to bank loans, the Trust has employed the use of interest rate swaps whereby the Trust agrees with various banks to exchange at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount. Any amounts paid or received relating to interest rate swaps are recognised as adjustments to interest expense over the life of each contract swap, thereby effectively fixing the interest rate on the underlying obligations. The Trust also issues fixed rate corporate bonds.

At 30 June 2024 the fixed rates varied from 0.66 per cent to 3.44 per cent (2023: 0.66 per cent to 3.44 per cent) plus margins and the floating rates were at bank bill rates plus a bank margin.

The Group has a policy of hedging the majority of its borrowings against interest rate movements to ensure stability of distributions. At 30 June 2024, the Group's hedging cover (interest rate swaps and fixed rate corporate bonds) was 56.3 per cent of borrowings, which is within the Board's preferred range of between 50 per cent to 75 per cent hedged.

The Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out as follows:

	Carrying amount	
	June 2024 $000	June 2023 $000
Variable rate instruments		
Cash and short-term deposits	**27,300**	16,832
Bank loans	**(522,700)**	(216,000)

SENSITIVITY TO INTEREST RATE MOVEMENTS

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following analysis considers the impact on equity and net profit or loss due to a reasonably possible increase or decrease in interest rates. This analysis assumes that all other variables remain constant. The same comparative analysis has been applied to the 2023 financial year.

	Impact on Net profit		**Impact on Equity**	
	100 basis points increase $000	**100 basis points decrease $000**	**100 basis points increase $000**	**100 basis points decrease $000**
30 June 2024				
Variable rate instruments	**(5,227)**	**5,227**	**-**	**-**
Interest rate swaps	**1,850**	**(1,850)**	**1,387**	**(1,387)**
Net impact	**(3,377)**	**3,377**	**1,387**	**(1,387)**

	Impact on Net profit		**Impact on Equity**	
	100 basis points increase $000	**100 basis points decrease $000**	**100 basis points increase $000**	**100 basis points decrease $000**
30 June 2023				
Variable rate instruments	(2,160)	2,160	-	-
Interest rate swaps	150	(150)	372	(385)
Net impact	(2,010)	2,010	372	(385)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

As detailed on the previous page, derivative financial instruments in the form of interest rate swap agreements are entered into. These are used to convert the variable interest rate of the Group's borrowings to fixed interest rates with the objective of reducing the risk associated with interest rate fluctuations.

Cash flow hedges

For the purpose of hedge accounting, these hedges are classified as cash flow hedges when they hedge a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any ineffective portion is considered a finance cost and is recognised in profit or loss in the statement of profit or loss and other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss, at which point it is transferred to profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

The Group manages its financial derivatives (interest rate swaps) to ensure they meet the requirements of a cash flow hedge.

Fair value hedges

If the hedged item is an unrecognised firm commitment, the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

d) Capital management

Capital requirements are assessed based on budgeted cash flows, capital expenditure commitments and potential growth opportunities and are monitored on an ongoing basis. Information on capital and equity markets is reviewed on an ongoing basis to ascertain availability and cost of various funding sources.

In order to maintain a manageable level of debt, the responsible entity has established a preferred range of 20 to 30 per cent for the Group's gearing ratio (debt to total assets), which is monitored on a monthly basis. At 30 June 2024, the gearing ratio was 21.5 per cent (2023: 15.8 per cent).

The DRP was suspended for the interim distribution for the half-year ended 31 December 2023 but was in place for the final distribution for the year ended 30 June 2024.

e) Fair values

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

	June 2024 $000	June 2023 $000
Corporate bonds – book value[1]	**(251,408)**	(252,473)
Corporate bonds – fair value	**(233,772)**	(225,431)

[1] Current period includes $2.5 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 estimated 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 LOANS 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 loans has been calculated by 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).

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14. SUBSIDIARIES

BWP Trust assumed control of NPR on the 28 March 2024, and by 21 June 2024 owned 100 per cent of the NPR stapled securities.

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the *Corporations Act 2001* (s.295(3A)(a)).

Entity name	Place formed	% of issued capital held directly by the Trust in each entity		Australian or Foreign tax resident
		2024	2023	
BWP Trust (the Trust)[1]	Australia			Australian
NPR Trust No. 1[2]	Australia	**100**	-	Australian
NPR Trust No. 2[2]	Australia	**100**	-	Australian
NPR Trust No. 3[2]	Australia	**100**	-	Australian
NPR Trust No. 4[2]	Australia	**100**	-	Australian

[1] Responsible Entity of BWP Trust is BWP Management Limited, a 100 per cent owned subsidiary of Wesfarmers Limited.
[2] These Trusts are collectively "NPR Trusts". Responsible Entity of NPR Trusts is NPR Management Limited, a 100 per cent owned subsidiary of BWP Management Limited.

Key judgement

In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5. Whilst Australian tax law does not contain specific residency tests for trusts there are some provisions which treat trusts as residents for certain purposes, but this does not mean the trusts themselves are entities that are subject to tax.

Under current Australian income tax legislation, the Trusts above are not liable for income tax, provided that their taxable income (including any realised capital gains) is fully attributed to unitholders each year.

15. PARENT DISCLOSURES

	Parent	
	June 2024 $000	June 2023 $000
ASSETS		
Current assets	**321,451**	23,252
Non-current assets	**3,237,421**	2,936,940
Total assets	**3,558,872**	2,960,192
LIABILITIES		
Current liabilities	**93,670**	85,839
Non-current liabilities	**774,108**	468,473
Total liabilities	**867,778**	554,312
Net assets	**2,691,094**	2,405,880
EQUITY		
Equity attributable to unitholders of BWP Trust		
Issued capital	**1,196,921**	945,558
Hedge reserve	**265**	340
Undistributed income	**1,493,908**	1,459,982
Total equity	**2,691,094**	2,405,880
Profit attributable to members of the parent	**158,012**	36,693

Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent. Distributions received from subsidiaries are recognised in the parent entity's profit or loss when its right to receive the distribution is established.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

16. RELATED PARTY DISCLOSURES

a) Relationship with the Wesfarmers Group ("Wesfarmers")

Wesfarmers Investments Pty Limited, a controlled entity of Wesfarmers Limited, held 159,014,206 units in the Trust, representing 22.29 per cent of the units on issue at 30 June 2024 (2023: 159,014,206 units or 24.75 per cent).

b) Transactions with Wesfarmers

During the year ended 30 June 2024, the Group had the following transactions with Wesfarmers:

	June 2024 $	June 2023 $
Bunnings Group Limited[1]		
Rent and other property income	**144,520,724**	134,586,377
Rent and other property income received in advance	**12,916,540**	10,651,521
Amounts receivable	**136,025**	859,644
Amounts payable	**72,603**	72,603
Officeworks Superstores Pty Ltd[1]		
Rent	**3,390,638**	3,005,280
Amounts receivable	**108,987**	156,556
Kmart Australia Limited[1]		
Rent	**392,579**	-
Accrued income	**210,013**	-
BWP Management Limited[1]		
Responsible entity fees	**17,708,029**	17,864,220
Wesfarmers Limited		
Insurance premiums paid	**203,279**	187,504
Insurance proceeds receivable	**-**	282,694
NPR Management Limited[1]		
Responsible entity fees	**858,000**	-

[1] A controlled entity of Wesfarmers Limited.

c) Economic dependency

Rental income received during the year from BGL, Officeworks Superstores Pty Ltd and Kmart Australia Limited, all controlled entities of Wesfarmers Limited, was 83.7 per cent (2023: 87.1 per cent).

d) Other transactions

i) During the year $1.8 million was paid to Bunnings Group Limited in relation to the warehouse development at Coburg, Victoria, and $10.2 million for the warehouse development at Lismore, New South Wales to expand the Bunnings Warehouse.

ii) BGL was reimbursed during the year, for minor capital works and repairs and maintenance incurred to the Group's properties for which the Group had a contractual obligation.

17. AUDITOR'S REMUNERATION

	June 2024 $	June 2023 $
Audit and review of the financial statements		
KPMG Australia	**123,376**	109,173
Other audit firms	**87,000**	-
	210,376	109,173
Other services		
KPMG Australia – taxation services	**21,956**	31,703
KPMG Australia – property consultancy services	**10,230**	9,350
KPMG Australia – other accounting advice	**57,475**	-
Total auditor's remuneration	**300,037**	150,226

Auditors' remuneration includes amounts reimbursed to the auditors for incidental costs incurred in completing their services.

Further details on the non-audit services can be found in the Directors' report on page 56.

18. CAPITAL EXPENDITURE COMMITMENTS

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

	June 2024 $000	June 2023 $000
Not later than one year:		
Related parties	**15,400**	28,500
	15,400	28,500

Capital commitments to related parties

SCORESBY, VICTORIA

In December 2023, the Group 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 Group committed to acquire from Bunnings adjoining land and expand its Dubbo Bunnings Warehouse, New South Wales at a cost of $14.0 million.

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19. DIRECTOR AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

The following persons were key management personnel of the responsible entity, BWP Management Limited, during the financial year:

CHAIRMAN – NON-EXECUTIVE

Tony Howarth AO

MANAGING DIRECTOR

Mark Scatena (appointed 26 September 2023)
Michael Wedgwood (retired 22 September 2023)

NON-EXECUTIVE DIRECTORS

Danielle Carter
Fiona Harris AM
Alison Quinn
Mike Steur

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

b) Remuneration policy

Remuneration expenses of the directors and executives of the responsible entity are not borne by the Trust or its controlled entities. Directors are remunerated by the responsible entity and management services are provided to the responsible entity by Wesfarmers Limited.

The right of the responsible entity to be remunerated and indemnified by the Trust is set out in the constitution of the Trust and summarised in Note 2. The constitution is lodged with ASIC and is available to unitholders on request.

For the financial year ended 30 June 2024, each director was entitled to director's fees and/or superannuation for their services and the reimbursement of reasonable expenses.

The fees paid reflect the demands on, and the responsibilities of, those directors. The advice of independent remuneration consultants is taken to establish that the fees are in line with market standards. Directors do not receive option or bonus payments, nor do they receive retirement benefits in connection with their directorships. There are no equity incentive schemes in relation to the Trust.

Wesfarmers Limited employees seconded to the responsible entity to provide management services to the Trust are engaged in dedicated roles to act exclusively for the responsible entity on behalf of the Trust and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Trust and furthering the objectives of the Trust.

c) Unit holdings

Director	Balance at beginning of the year	Movement during the year	Balance at the end of the year
Danielle Carter	-	2,700	2,700
Fiona Harris AM	20,000	-	20,000
Tony Howarth AO	20,000	30,000	50,000
Alison Quinn	-	15,000	15,000
Mark Scatena[1]	-	-	-
Mike Steur	-	-	-
Michael Wedgwood[2]	-	-	-
Total	**40,000**	**47,700**	**87,700**

[1] Appointed 26 September 2023
[2] Retired 22 September 2023

The above holdings represent holdings where the directors have a beneficial interest in the units of the Trust.

No directors have other rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in the Trust.

20. OTHER ACCOUNTING POLICIES

a) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In circumstances where impairment losses are deemed, these are included in the statement of profit or loss and other comprehensive income.

b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Directors' report

FOR THE YEAR ENDED 30 JUNE 2024

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 year that commenced 1 July 2023 and ended 30 June 2024. The information on pages 5 to 33 forms part of this directors' report and is to be read in conjunction with the following information:

RESULTS AND DISTRIBUTIONS

	June 2024 $000	June 2023 $000
Profit attributable to unitholders of BWP Trust	**180,222**	36,693
Capital profits released from undistributed profit	**1,830**	3,930
Release of the preacquisition NPR distribution received	**3,365**	-
Net unrealised (gains)/losses in fair value of investment properties	**(61,337)**	76,862
Distributable profit for the year	**124,080**	117,485
Opening undistributed profit	**6**	13
Closing undistributed profit	**-**	(6)
Distributable amount	**124,086**	117,492

DISTRIBUTIONS

The following distributions have been paid by the Trust or declared by the directors of the responsible entity since the commencement of the financial year ended 30 June 2024:

	June 2024 $000	June 2023 $000
a) Out of the profits for the year ended 30 June 2023 on ordinary units as disclosed in last year's directors' report:		
i) Final distribution of 9.27 cents per ordinary unit declared by the directors for payment on 25 August 2023	**59,549**	59,549
b) Out of the profits for the year ended 30 June 2024 (see Note 8 of the notes to the financial statements):		
i) Interim distribution of 9.02 cents per ordinary unit paid on 28 February 2024	**57,943**	57,943
ii) Final ordinary distribution of 9.27 cents per ordinary unit declared by the directors for payment on 28 August 2024	**66,143**	59,549

UNITS ON ISSUE

At 30 June 2024: 713,511,241 units of BWP Trust were on issue (2023: 642,383,803). The increase reflects the units issued to security holders of NPR as consideration for the off-market takeover.

PRINCIPAL ACTIVITY

The principal activity is property investment.

There has been no significant change in the nature of this activity during the financial year.

TRUST ASSETS

At 30 June 2024, the Group held assets to a total value of $3,586.3 million (2023: $2,960.2 million). The basis for valuation of investment properties which comprises the majority of the value of the Group's assets is disclosed in Note 6 of the notes to and forming part of the financial statements.

FEE PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

Management fees totalling $17,708,029 (2023: $17,864,220) were paid or payable to the responsible entity (BWPM) out of Trust property during the financial year. Management fees of $858,000 were paid to NPRML, the responsible entity for NPR between the period 28 March 2024 and 30 June 2024.

TRUST INFORMATION

BWP Trust and the NPR Trusts (refer Note 14) are Managed Investment Schemes registered in Australia. BWP Management Limited, the responsible entity for the BWP Trust, and NPR Management Limited, the responsible entity for the NPR Trusts, are both incorporated and domiciled in Australia and hold Australian Financial Services Licences. NPRML is 100 per cent owned by BWPM, and the ultimate parent company of both responsible entities is Wesfarmers Limited.

The registered office of the responsible entities is Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000. The principal administrative office of the responsible entities is Level 12, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, 6000.

The Group had no employees during the financial year (2023: nil). Management services are provided to BWPM (and by control, NPRML) by Wesfarmers Limited. Wesfarmers Limited employees seconded to BWPM to provide management services to the Group are engaged in dedicated roles to act exclusively for the responsible entities on behalf of the Group and are paid directly by Wesfarmers Limited. Short-term incentives paid by Wesfarmers Limited to employees engaged by the responsible entity are based entirely on the performance of the Group and furthering the objectives of the Group.

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DIRECTORS

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

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

Details of the directors appear on page 33.

No director is a former partner or director of the current auditors of the Group, at a time when the current auditors have undertaken an audit of the Group.

COMPANY SECRETARIES

Karen Lange, FGIA, FCIS, MBus

Karen Lange has been the company secretary since 2008. She has more than 30 years' company secretarial experience including company secretary of Woodside Petroleum Limited and Wesfarmers Limited.

David Hawkins, FCA

David Hawkins was appointed as an additional company secretary on 18 April 2024.

DIRECTORS' UNITHOLDINGS

Units in BWP in which directors had a relevant interest at the date of this report were:

Director	Units in the Trust
Danielle Carter	2,700
Fiona Harris AM	20,000
Tony Howarth AO	50,000
Alison Quinn	15,000
Mark Scatena	-
Mike Steur	-

No directors have other rights or options over interests in the Trust or contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver an interest in BWP.

INSURANCE AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the end of the financial year insurance has been maintained covering the entity's directors and officers against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

To the extent permitted by law, directors and officers are indemnified by the responsible entity against the costs and expenses of defending civil or criminal proceedings in their capacity as directors and officers in which judgement is given in favour of, or acquittal is granted to, a director or officer.

No indemnity payment has been made under any of the arrangements referred to above during or since the end of the financial year.

REVIEW AND RESULTS OF OPERATIONS

The operations of the Group during the financial year and the results of those operations are reviewed on pages 6 to 23 of this report and in the accompanying financial statements. This includes information on the financial position of the Group and its business strategies and prospects for future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

MERGER OF BWP TRUST AND NEWMARK PROPERTY REIT ("NPR")

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

The Merger Proposal was for an all-scrip transaction, pursuant to which NPR securityholders received 0.4 BWP units for every 1.0 NPR security held (the "Merger Ratio"). The Trust gained a controlling interest in the stapled securities of NPR on 28 March 2024, with BWP completing compulsory acquisition of the NPR securities, under the provisions of the *Corporations Act 2001* (Cth) ("Corporations Act"), on 21 June 2024 and hence owning 100 per cent of issued NPR securities at 30 June 2024.

The results presented in this report for NPR are for the period from 28 March 2024 to 30 June 2024 reflecting the Trust's time of control of NPR during the reporting year ended 30 June 2024.

As a result of the merger, the value of the Group's investment properties has increased by $0.6 billion (2023: $0.1 billion decrease) to $3.5 billion at 30 June 2024 (30 June 2023: $2.9 billion). The number of investment properties held increased to 82.

There were no other significant changes in the state of affairs of the Group during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in and expected results of the operations of the Group in subsequent years are referred to elsewhere in this report, particularly on pages 6 to 23. In the opinion of the directors, further information on those matters could prejudice the interests of the Trust and has therefore not been included in this report.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of BWP Management Limited support and comply with the majority of the ASX Corporate Governance Principles and Recommendations as they apply to externally managed listed entities. The Corporate Governance Statement can be viewed in the Corporate Governance section under the **About Us** tab of BWP's website.

Directors' report (continued)

FOR THE YEAR ENDED 30 JUNE 2024

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any particular significant environmental regulations under either Commonwealth or State legislation, however in the future the Group may be required to include climate-related financial disclosures under proposed Australian Sustainability Reporting Standards. During the year there have been no known breaches of environmental regulations by the consolidated entity.

BOARD COMMITTEES

As at the date of this report, the responsible entity had an Audit and Risk Committee and Remuneration and Nomination Committee. Each committee is comprised of all of the non-executive directors of the Responsible Entity.

There were three Audit and Risk Committee and two Remuneration and Nomination Committee meetings held during the year.

ROUNDING

The amounts contained in this report and in 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.

AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 58 and forms part of the Directors' report for the year ended 30 June 2024.

NON-AUDIT SERVICES

KPMG provided the following non-audit services to the Group during the year ended 30 June 2024 and received, or is due to receive, the following amount for the provision of these services:

Taxation services	$21,956
Property consultancy services	$10,230
Other accounting advice (relating to the NPR acquisition)	$57,475
Total	**$89,661**

The Audit and Risk Committee has, following the passing of a resolution, provided the Board with written advice in relation to the provision of non-audit services by KPMG.

The Board has considered the Audit and Risk Committee's advice, and the non-audit services provided by KPMG, and is satisfied that the provision of these services during the year by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001*. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work or acting in a management or decision-making capacity for the Group.

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



Tony Howarth AO
Chairman
BWP Management Limited
Perth, 14 August 2024

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Directors' declaration

FOR THE YEAR ENDED 30 JUNE 2024

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

1. 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 30 June 2024 and of its performance for the year ended on that date; and
        ii) complying with Accounting Standards and *Corporations Regulations 2001*.
    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; and
    c) the financial statements also comply with International Financial Reporting Standards as disclosed on page 40.
2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2024.

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



Tony Howarth AO
Chairman
BWP Management Limited
Perth, 14 August 2024

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Auditor's independence declaration

FOR THE YEAR ENDED 30 JUNE 2024

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

To the Directors of BWP Management Limited, the responsible entity of BWP Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of BWP Trust for the financial year ended 30 June 2024 there have been:

i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth, 14 August 2024

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Independent Auditor's report

FOR THE YEAR ENDED 30 JUNE 2024

To the unitholders of BWP Trust

OPINION

We have audited the Financial Report of BWP Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust gives a true and fair view, including of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises the:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration.

The Group consists of the Trust and the entities it controlled at the year end or from time to time during the financial year.

BASIS FOR OPINION

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INVESTMENT PROPERTIES ($3,534.6M)

Refer to Note 6 to the Financial Report

The key audit matter

Valuation of investment properties is a key audit matter due to the:

- Significance of the balance to the financial statements (98.6% of total assets);
- Merger of BWP Trust and Newmark Property REIT and the treatment of the transaction as an asset acquisition which added nine properties to the investment property portfolio;
- Judgement required by us in assessing the appropriateness of the Group's selection of the capitalisation of income valuation method as the primary valuation methodology for the Group's investment properties from the three available methodologies under the accounting standards. The adoption of an alternative valuation method may result in a different valuation outcome.
- Sensitivity of the Group's selected capitalisation rates to the projected income of individual investment properties in the valuation methodology. A small percentage movement in the capitalisation rate across the portfolio would result in a significant financial impact to the investment property balance and the income statement.

How the matter was addressed in our audit

Working with our real estate valuation specialists, our procedures included:

- Understanding the Group's process regarding the valuation of investment property.
- Involving senior audit team members in the assessment of the accounting treatment of the BWP Trust and Newmark Property REIT merger, as an asset acquisition and assessing against the optional concentration test available under the accounting standards.
- We assessed the scope, competency and objectivity of both the Group's external valuers and the directors involved in undertaking the directors' (i.e. internal) valuation.
- We assessed the appropriateness of the valuation methodology utilised, being the capitalisation of income method, against accepted industry practices, using the nature of the properties, and requirements of the accounting standards.
- Using our valuation skills and market knowledge, we evaluated a sample of external valuations and the directors' internal valuations.
- We questioned the capitalisation rates applied by the Group to specific investment properties based on our knowledge of the property portfolio. We also tested, on a sample basis, other key inputs to the investment property valuations such as passing rent and lease term remaining, where tenanted, for consistency to existing lease contracts. Where vacant or approaching the end of lease term we have obtained an understanding of expected use and evidence of market valuation.
- We assessed the disclosures in the financial report, using our understanding obtained from our testing, against accounting standards requirements.

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Independent Auditor's report (continued)

FOR THE YEAR ENDED 30 JUNE 2024

OTHER INFORMATION

Other Information is financial and non-financial information in BWP Trust's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The Directors are responsible for:

- Preparing the Financial Report in accordance with the *Corporations Act 2001,* including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001;*
- Implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001,* including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth, 14 August 2024

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Unitholder information

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SUBSTANTIAL UNITHOLDERS

The number of units held by BWP's substantial unitholders and the date on which the last notice was lodged with BWP, were as follows:

	Date of notice	Units
Wesfarmers Limited, its subsidiaries and their associates	28 March 2024	159,014,026
The Vanguard Group Inc, and their associates	21 May 2020	52,018,423
Blackrock Group	30 April 2024	35,981,530

DISTRIBUTION OF UNITHOLDERS

As at 25 July 2024

Range of holding	Holders	Units	%
1 – 1,000	5,294	2,146,301	0.30
1,001 – 5,000	7,764	22,009,523	3.08
5,001 – 10,000	4,596	34,247,631	4.80
10,001 – 100,000	5,806	143,442,841	20.10
100,001 – over	246	511,664,945	71.71
Total	**23,706**	**713,511,241**	**100.00**
Unitholders holding less than a marketable parcel (143 units)	1,322	66,059	

VOTING RIGHTS

Each fully paid ordinary unit carries voting rights at one vote per unit.

TWENTY LARGEST UNITHOLDERS

The twenty largest holders of ordinary units in BWP as at 25 July 2024 were:

	Number of Units	Percentage of capital held
Wesfarmers Investments Pty Ltd	159,014,206	22.29
HSBC Custody Nominees (Australia) Limited	118,727,057	16.64
JP Morgan Nominees Australia Pty Limited	92,843,740	13.01
Citicorp Nominees Pty Limited	48,088,743	6.74
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	11,039,769	1.55
BNP Paribas Noms Pty Ltd	6,091,826	0.85
Citicorp Nominees Pty limited <Colonial First State Inv A/C>	5,151,377	0.72
National Nominees Limited	4,710,741	0.66
Netwealth Investments Limited <Wrap Services A/C>	3,688,164	0.52
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	3,053,453	0.43
Djerriwarrh Investments Limited	2,744,045	0.38
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	2,700,019	0.38
Neweconomy Com AU Nominees Pty Limited <900 account>	2,102,889	0.29
HSBC Custody Nominees (Australia) Limited – A/C 2	1,883,557	0.26
NPR Management Limited	1,633,115	0.23
Netwealth Investments Limited <Super Services A/C>	1,521,068	0.21
Lymal Pty Ltd	1,191,798	0.17
IOOF Investment Services Limited <IPS Superfund A/C>	1,162,904	0.16
HSBC Custody Nominees (Australia) Limited	1,130,836	0.16
Sonice Pty Ltd <The Springfield A/C>	883,737	0.12
Total top 20 holders	**469,363,044**	**65.78**
Total remaining holders balance	**244,148,197**	**34.22**

Investor information

FOR THE YEAR ENDED 30 JUNE 2024

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 was suspended for the interim distribution for the half-year ended 31 December 2023 but was in place for the final distribution for the year ended 30 June 2024.

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 can provide their banking instructions online by logging onto **www.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, BWP may also send releases to the ASX covering matters of relevance to investors.

WEBSITE

BWP's website, **bwptrust.com.au** provides information on each property in the portfolio, and an overview of BWP'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.

DISTRIBUTIONS

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 the Group 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 website at **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**, 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 **www.afca.org.au**.

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Directory

FOR THE YEAR ENDED 30 JUNE 2024

RESPONSIBLE ENTITY

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DIRECTORS

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

COMPANY SECRETARIES

Karen Lange, FGIA, FCG, MBus
David Hawkins, FCA

REGISTRY MANAGER

Computershare Investor Services Pty Limited

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PERTH WA 6000
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AUDITOR

KPMG

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