



ASX RELEASE

3 May 2022

Portfolio Valuation and Operational Update

HIGHLIGHTS

Newmark REIT Management Limited (NRML) as the responsible entity of Newmark Property REIT (NPR) today announces:

- Independent property revaluations resulting in a \$43.65m, or 8.4%, increase in the portfolio valuation to \$563.25m;
- New 10-year lease with E&S Trading for the remaining vacant space at Chadstone, taking portfolio occupancy to 100%;
- Revised target completion date for Preston site of December 2022; and
- Re-affirmation of distribution guidance provided in the PDS.

Property Revaluations

Following a review of recent market transactions for comparable properties to those within the NPR portfolio, the Board of NRML instructed independent valuations to be completed on 7 of the 8 properties as at 30 April 2022¹.

Key highlights of the independent valuations include:

- Total fair value gain of \$43.65m, with \$35.92m recognised as at 30 April 2022²;
- NPR's total portfolio value will increase from \$519.60m to \$563.25m³, representing an 8.4% increase;
- NPR's weighted average capitalisation rate (WACR) will compress by 39bps from 5.07% to 4.68%;
- The fair value gain recognised as at 30 April 2022 of \$35.92m represents a 19.8 cps increase in NTA from \$1.77 to \$1.97 per stapled security⁴;
- Following adoption of the independent valuations, NPR's gearing will decrease to 25.1%³; and
- Newmark Property Funds Management Pty Ltd (Investment Manager) will not charge a management fee on the increase in valuations from valuation date to 31 December 2022.

Ed Cruickshank, NPR Fund Manager, said: *"the result of the recent independent valuations is testament to the quality of NPR's portfolio and the demand for properties anchored by Bunnings Group. The increase in value was driven by a combination of underlying net income growth and compression in market assessed capitalisation rates. The increase in the NTA of 19.8 cps*

¹ The remaining property at Chadstone was independently valued at \$80.0m in September 2021.

² Total fair value gain of \$43.65m includes a fair value gain of \$7.7m for the Preston property which will be recognised at settlement

³ Accounts for the Preston property on an 'as if complete' basis

⁴ As at 30 April 2022

represents growth of 11.2% which is a very strong result for investors and puts NPR's balance sheet in a very strong position."

Leasing

NPR has entered into a new 10-year lease with E&S Trading for the remaining vacant space at its Chadstone property. The 10-year lease is set to commence in May 2022 with the increase of 1,300 sqm in the E&S tenancy, creating a new superstore at the Chadstone property with total lettable area of 2,900 sqm.

Steven Cavallin, Newmark Capital Portfolio Asset Manager, said: *"E&S is a quality Australian retailer who will deliver a premium appliance store in their new Chadstone flagship store with increased product lines on offer across the expanded floorspace."*

PORTFOLIO UPDATE

NPR portfolio metrics as at 30 April 2022

Metric	30 April 2022	31 December 2021
Total Portfolio Value ⁵	\$563.25m	\$519.60m
Gearing	25.1%	27.6%
WACR ⁶	4.68%	5.07%
Occupancy	100%	99%
WALE ⁷	7.3 years	7.4 years

Preston Property Update

The expected completion of NPR's Preston property continues to be impacted as a result of COVID-19 supply chain issues. Originally targeting completion in Q1 FY23, Newmark has received an update from Bunnings that the property is targeting a revised completion date of December 2022. Given the terms and nature of the contract of sale with Bunnings, there is no risk that delays or cost increases will result in NPR bearing any potential cost increases.

Whilst the settlement delay is disappointing, the strong fundamentals of the property continue to be evidenced by the most recent independent valuations which saw an increase in the fair value of the property from \$85.3m to \$93.0m as at 30 April 2022.

GUIDANCE UPDATE

NPR re-affirms distribution guidance provided in the PDS, based on information currently available and barring any unforeseen circumstances, being:

- Annualised FY22 forecast distribution of 9.7 cps; and
- Annualised 1H23 forecast distribution of 10.0 cps.

⁵ Accounts for the Preston property on an 'as if complete' basis

⁶ Weighted by asset value as at 30 April 2022

⁷ Weighted by gross passing income as at 30 April 2022 and accounts for the Preston property on an 'as if complete' basis

Chris Langford, Newmark Managing Director, said: *"It is pleasing to report these outcomes across the NPR portfolio and NPR is well positioned to deliver on its objectives for investors and puts NPR in a strong position to capitalise on future opportunities"*

Authorised for release by the Board

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