



ASX RELEASE

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FY23 Half Year Financial Results and Outlook

Newmark Property REIT (**NPR**) today announces its results for the half year ended 31 December 2022.

NPR's stated objective is to provide Stapled Securityholders with exposure to a high-quality real estate portfolio targeting consistent and growing income. For the period ended 31 December 2022, NPR continued to deliver consistent distributions for investors – supported by underlying earnings and like-for-like income growth, an efficient capital structure and a strategic acquisition that will deliver long-term income growth.

Financial performance for the period ended 31 December 2022

- NPR reported a statutory net profit of \$3.4m, down \$0.9m against the comparative period, as a result of an increase in finance costs and net fair value loss on investment properties and derivative instruments, which was partly offset by an increase in property income.
- Funds from Operations (FFO) was up \$1.3m to \$7.0m or 22.8% against the comparative period, with like-for-like income growth of 3.3% and full period contributions from its Melton and Chadstone properties.
- Distributions declared and paid were 5.0 cents per stapled security for the period 1 July 2022 to 31 December 2022 – in line with PDS forecasts.
- Total portfolio value increased \$71.3m to \$558.7m following the acquisition of Underwood in December 2022 and the Preston advance payment in July 2022.
- NPR continued to execute its interest hedging strategy, entering into an additional 2-year interest rate swap with a notional value of \$75.0m and a commencement date of 3 July 2023.
- Two properties, being Melton and Maroochydore, were independently valued as at 31 December 2022 with the values of each property remaining constant at previous book values. The remainder of the portfolio was subject to internal valuations, with no change to previous book values.
- During the half year NPR commenced an on-market security buyback and as at 31 January 2023, 1.5m securities have been acquired at an average price of \$1.46 per stapled security.
- Net Tangible Asset (NTA) per stapled security is \$1.96 (down 1%), reflecting a resilient portfolio that is underpinned by a secure income stream with contractual rental growth, no near-term expiries and a strong diversified national tenancy mix.

- NPR has a robust balance sheet with gearing of 34.2%¹, and 50.1%² of its \$275m debt facility hedged.

Operational and portfolio highlights

- Newmark Property REIT is a portfolio of nine high-quality properties with a total portfolio value of \$558.7m across the Eastern seaboard.
- NPR is well placed to provide investors with defensive and growing income:
 - Occupancy of 99.6%³ with more than 90%³ of the portfolio's tenants being leading national tenants and 74.1% of the portfolio underpinned by Wesfarmers Group³ entities.
 - A strong WALE of 6.6 years³ and no near-term expiries with no income expiring in FY23 and less than 5%³ income expiring over FY23 to FY25.
 - Like-for-like property income growth of 3.3% that was achieved via built in growth with a combination of fixed (84%), CPI (12%) and turnover based leases (4%).
- In December 2022 NPR successfully acquired and settled on the Underwood property for \$56.0m. The 3ha site is situated in a prominent location at the intersection of Kingston and Compton Roads 20km South-east of Brisbane, a high traffic volume intersection in an area with significant growth corridor. The property features a strong tenancy mix that is highly defensive, with more than 80% of the lettable area leased to quality national retailers such as Officeworks, Supercheap Auto and Sydney Tools and for medical uses, providing diversification benefits for the portfolio.
- Construction on the Preston site is well progressed with a forecast completion and settlement date of mid-CY 2023. This investment will further enhance NPR's portfolio by providing for future property income growth and is expected to be a flagship store for Bunnings.

Outlook

- **Maintain FY23 distribution guidance of 8.9 – 9.1 CPU with 2H FY23 distribution guidance of 3.9 – 4.1 CPU⁵**

1. Gearing calculated as interest bearing liabilities less cash divided by total tangible assets less cash.
2. Hedged borrowings as a percentage of current drawn borrowings as at 31 December 2022
3. As at 31 December 2022. Includes Preston valued on an 'as if complete' basis.
4. By anticipated gross passing income as at 31 December 2022. Wesfarmers tenants are subsidiaries of the Wesfarmers Parent entity - predominantly Bunnings Group Limited and are not guaranteed by Wesfarmers Limited.
5. Distribution guidance is estimated assuming an average 90-day BBSY of 3.5% for the balance of FY23, no new acquisitions or disposals, tenants comply with their existing lease obligations and is based on Newmark's assessment of current macro environment and the impact. Guidance is subject to unforeseen circumstances and material changes in operating conditions. Refer to the Important Notice.

Fund Manager, Ed Cruickshank said *“NPR has continued to deliver on its core objective to deliver predictable and stable distributions underpinned by a high-quality real estate portfolio with a secure income stream and high-quality diversified tenancy mix. NPR is in a strong position to weather current macro-economic challenges and continue to deliver on its objectives for investors”*.

Teleconference

An investor teleconference will be held to provide an overview of the operating activities and financial results for the period ended 31 December 2022. Details of the teleconference are as follows:

Title: Newmark Property REIT FY23 Half Year Results

Date: Tuesday 21st February 2023

Time: 11:00 AEDT

To register for the teleconference please click [here](#).

Authorised for release by the Board

For further information please contact:

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Important Notice

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