Newmark Property REIT
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Newmark Property REIT is a stapled group comprising Newmark Hardware Trust (ARSN 161 274 111) ('NHT') and Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219) ('NCP') collectively referred to as 'Newmark Property REIT', 'stapled group' or 'NPR'.
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

This Appendix 4E should be read in conjunction with the attached Directors' report which includes details of the results for the period.

Revenue from ordinary activities	up	25.13%	to	30,270,172
Loss from ordinary activities after tax attributable to stapled security holders	down	(117.11%)	to	(8,873,809)
Loss for the year attributable to stapled security holders	down	(117.11%)	to	(8,873,809)
Funds from Operations (FFO)	up	5.48%	to	14,046,965

	30 Jun 2023 Cents	30 Jun 2022 Cents
Earnings per stapled security on profit/(loss) attributable to security holders of the Trust (parent entity)		
Basic earnings per stapled security	(6.34)	25.67
Diluted earnings per stapled security	(6.34)	25.67

Distributions

Current period

Details of distributions declared and/or paid during the current financial period are as follows:

	Distribution $
Distribution paid on 11 November 2022 to security holders of Newmark Property REIT for the period 1 July 2022 to 30 September 2022 of 2.50 cents per stapled security	4,702,375
Distribution paid on 10 February 2023 to security holders of Newmark Property REIT for the period 1 October 2022 to 31 December 2022 of 2.50 cents per stapled security	4,507,616
Distribution paid on 12 May 2023 to security holders of Newmark Property REIT for the period 1 January 2023 to 31 March 2023 of 2.00 cents per stapled security	3,592,067
Distribution declared and to be paid on 11 August 2023 to security holders of Newmark Property REIT for the period 1 April 2023 to 30 June 2023 of 2.00 cents per stapled security	3,556,395
	16,358,453

The total distributions paid during the financial year ended 30 June 2023 were $17,034,464. Total distributions paid include a distribution paid on 11 August 2022 for the period 1 April 2022 to 30 June 2022 of $4,232,406, a distribution paid on 11 November 2022 for the period 1 July 2022 to 30 September 2022 of $4,702,375, a distribution paid on 10 February 2023 for the period 1 October 2022 to 31 December 2022 of $4,507,616, and a distribution paid on 12 May 2023 for the period 1 January 2023 to 31 March 2023 of $3,592,067.

Prior period

Details of distributions paid and/or declared during the prior financial period (ended 30 June 2022) are as follows:

	Distribution $
Distribution paid on 16 November 2021 to unitholders of Newmark Hardware Trust for the period 1 July 2021 to 30 September 2021 of 2.250 cents per ordinary unit	2,236,685
Distribution paid on 17 December 2021 to unitholders of Newmark Hardware Trust for the period 1 October 2021 to 7 December 2021 of 1.640 cents per ordinary unit	1,517,230
Distribution paid on 11 February 2022 to security holders of Newmark Property REIT for the period 8 December 2021 to 31 December 2021 of 0.680 cents per stapled security	1,265,371
Distribution paid on 12 May 2022 to security holders of Newmark Property REIT for the period 1 January 2022 to 31 March 2022 of 2.410 cents per stapled security	4,380,843
Distribution paid on 11 August 2022 to security holders of Newmark Property REIT for the period 1 April 2022 to 30 June 2022 of 2.410 cents per stapled security	4,232,406
	13,632,535

For commentary in relation to the operations of the stapled group for the year ended 30 June 2023, refer to the 'Review of Operations' in the attached Director’s report accompanying the financial statements.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per stapled security	185.49	198.41

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Net tangible assets have been calculated using the following inputs:		
Net assets	329,840,623	360,399,998

	2023 No. of units	2022 No. of units
Stapled securities on issue	177,819,763	181,648,297

4. Control gained over entities

In the current period, there was no control gained over entities.

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5. Loss of control over entities

In the current period, there was no loss of control over entities.

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6. Distribution reinvestment plans

The Distribution Reinvestment Plan will not operate in respect of the June 2023 quarter distribution.

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7. Details of associates and joint venture entities

Not applicable.

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8. Audit qualification or review

The financial statements were subject to audit and an unmodified opinion has been issued. The unmodified audit report is attached as part of the Annual Report.

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9. Attachments

The Annual Report of Newmark Property REIT for the year ended 30 June 2023 is attached.

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10. Signed

Signed______________________________ Date: 9 August 2023

Michael Doble
Chairperson

Newmark Property REIT

Stapled group comprising:

Newmark Hardware Trust (ARSN 161 274 111); and
Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)

Annual Report – Financial year ended 30 June 2023

Newmark Property REIT
Corporate directory
30 June 2023

Registered office and principal place of business of Responsible Entity	Newmark REIT Management Limited Level 17, 644 Chapel Street South Yarra, Victoria, 3141 Newmark REIT Management Limited is the responsible entity of: - Newmark Hardware Trust (ARSN 161 274 111); and - Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)	
Directors of Responsible Entity	Michael Doble Melinda Snowden Andrew Erikson Christopher Langford Mark Allan	
Company secretary	Peter Hulbert	
Share register	BoardRoom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney, NSW, 2000 Phone: 1300 737 760 (in Aust); +61 2 9290 9600 (International)	
Auditor	SW Audit Level 10, 530 Collins Street Melbourne, VIC, 3000 Phone: +61 3 8635 1800	
Solicitors	Allens Level 28, Deutsche Bank Place 126 Phillip Street Sydney, NSW, 2000 Phone: +61 2 9230 4000	Hall and Wilcox Level 11, Rialto South Tower 525 Collins Street Melbourne, VIC, 3000 Phone: +61 3 9603 3555
Bankers	Commonwealth Bank of Australia Tower 1, Collins Square 727 Collins Street Melbourne, VIC, 3008	Westpac Banking Corporation 150 Collins Street Melbourne, VIC, 3000
Stock exchange listing	Newmark Property REIT stapled securities are listed on the Australian Securities Exchange (ASX code: NPR)	
Website	https://www.newmarkcapital.com.au/listed-funds/	
Business objectives	In accordance with Listing Rule 4.10.19 the stapled group confirms that it has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.	
Corporate Governance Statement	The directors and management of the Responsible Entity are committed to conducting the business of Newmark Property REIT in an ethical manner and in accordance with the highest standards of corporate governance. The Responsible Entity has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.	

Newmark Property REIT
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30 June 2023

Responsible Entity

The directors of Newmark REIT Management Limited, the Responsible Entity of Newmark Hardware Trust ('NHT') and Newmark Capital (Chadstone) Property Trust ('NCP'), present their report, together with:

(i) the financial statements of the consolidated entity (referred to hereafter as the 'stapled group' or 'Newmark Property REIT' or 'NPR') consisting of NHT (and the entities it controlled at the end of, or during, the period ended 30 June 2023); and
(ii) the financial statements of NCP (which are attached within this financial report).

For the purposes of consolidation of NHT and its controlled entities, NCP is also considered to be a controlled entity of NHT from the date of stapling (being 8 December 2021).

The separate financial statements of NCP are included within this financial report of Newmark Property REIT as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838 as both NHT and NCP are stapled issuers in the same stapled group. This Directors' report represents the report of both NHT and NCP in reliance upon that instrument.

Fully paid ordinary units of NHT and NCP have been stapled to form stapled securities which have been listed and cannot be traded separately from one another. The stapled securities were admitted to the official list of the Australian Securities Exchange ('ASX') listed on 8 December 2021 and trade under the name 'Newmark Property REIT' (ASX code: NPR).

As the stapling of securities represents a deemed acquisition by NHT of NCP for accounting purposes, the financial statements of Newmark Property REIT represent the following financial information:

Statement of profit or loss and other comprehensive income

- For year ended 30 June 2023 - financial results of NHT for the year ended 30 June 2023 consolidated with the financial results of NCP for the year ended 30 June 2023
- For year ended 30 June 2022 - financial results of NHT for the year ended 30 June 2022 consolidated with the financial results of NCP for period 8 December 2021 to 30 June 2022

Statement of financial position

- As at 30 June 2023 - Consolidated financial position of NHT and NCP
- As at 30 June 2022 - Consolidated financial position of NHT and NCP

Directors

The following persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Doble - Chairperson and Independent Non-Executive Director
Melinda Snowden - Independent Non-Executive Director
Andrew Erikson - Independent Non-Executive Director
Christopher Langford - Managing Director
Mark Allan - Non-Executive Director

Principal activities

Both of the NHT and NCP in the stapled group are registered managed investment schemes domiciled in Australia. During the financial year ended 30 June 2023, the principal continuing activity of the stapled group was the investment in premium commercial real estate properties that comprise high quality large format retail ('LFR') sites in metropolitan, urban centre and key regional locations along the eastern seaboard of Australia. NPR's tenancy profile is underpinned by quality tenants such as Bunnings, Kmart, Officeworks (Wesfarmers), JB Hi-Fi, e&s and Petstock.

Distributions

Distributions declared and/or paid during the financial year were as follows:

	Consolidated			
	30 Jun 2023		30 Jun 2022	
	CPU	$	CPU	$
Distribution paid for the period 1 July 2021 to 30 September 2021			2.25	2,236,685
Distribution paid for the period 1 October 2021 to 7 December 2021			1.64	1,517,230
Distribution paid for the period 8 December 2021 to 31 December 2021			0.68	1,265,371
Distribution paid for the period 1 January 2022 to 31 March 2022			2.41	4,380,843
Distribution paid for the period 1 April 2022 to 30 June 2022			2.41	4,232,406
Distribution paid for the period 1 July 2022 to 30 September 2022	2.50	4,702,375		
Distribution paid for the period 1 October 2022 to 31 December 2022	2.50	4,507,616		
Distribution paid for the period 1 January 2023 to 31 March 2023	2.00	3,592,067		
Distribution declared for the period 1 April 2023 to 30 June 2023	2.00	3,556,395		
	9.00	16,358,453	9.39	13,632,535

Review of operations

Summary of financial performance

Newmark Property REIT's financial performance for the financial year ended 30 June 2023 was influenced by the continued execution of NPR's objective to provide stapled security holders with exposure to a high-quality real estate portfolio targeting consistent distributions.

On 6 June 2022, NPR announced an on-market buyback program for up to 5,449,448 of its stapled securities to occur between 21 June 2022 and 20 June 2023. The buyback commenced on 16 August 2022 following release of NPR's FY22 financial results. The buyback was extended by a further 6-month period from 21 June 2023 to 20 December 2023. As at 30 June 2023, NPR had acquired 3,828,534 stapled securities for a total consideration of $5,327,114.

On 5 July 2022, NPR made a partial advance payment of $15.0 million relating to the acquisition of the Preston property. Following Bunnings Preston opening on 28 June 2023, NPR settled the Preston property by making final payments totalling $53.5 million on 8 August 2023. The payments were funded by NPR's debt facility. The property is situated on 2ha of land, approximately 10km north of Melbourne CBD and has a 12-year lease to Bunnings Group and lettable area of approximately 18,612 sqm.

On 8 July 2022, NPR announced the conditional acquisition of the Underwood property, a high-quality LFR property in metropolitan Brisbane, Queensland for $57.0 million. On 23 August 2022 a fire occurred at the property causing material damage to one of the property's buildings (Building 4). On 19 December 2022, NPR announced that it had agreed with the vendor (Clarence Property) to vary the terms of the original contract, including a reduction in the purchase price to $56.0 million. Additionally, settlement of the property was revised to 21 December 2022 with NPR making a partial payment of $46.0 million on settlement, funded from NPR's debt facility. The remaining $10.0 million is due and payable upon certain milestones being reached, including reinstatement of Building 4, commencement of trading by affected tenants and rectification of defects. Based on the current programme, payments are expected to be made in November 2023. The Vendor has provided a rent guarantee over the gross passing rent derived from tenants within the building that was damaged by the fire, from settlement through to completion of building works and re-commencement of rent.

As at 30 June 2023, each property in the portfolio was revalued. Six properties (65% of the portfolio by value) were independently valued, with the balance of the portfolio subject to internal valuations. These valuations resulted in a net valuation impact of -$16.85 million primarily driven by 37bps of capitalisation rate expansion, resulting in the portfolio's WACR increasing to 5.11% (up from 4.74%).

A summary of the financial performance of the stapled group for the year ended 30 June 2023 is set out below.

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Total revenue	30,270,172	24,191,464
Net profit/(loss) after tax	(8,873,809)	51,849,823
Funds from operations ('FFO')	14,046,965	13,317,443
	Cents	**Cents**
FFO per weighted average number of stapled securities during the period	7.79	7.33

Net loss for the period of $8.87 million represented a decreased profit of $60.72 million compared to the prior period ('PCP') and was mainly attributable to:

- NCP having been stapled to NHT for the full 12 months in the period to 30 June 2023 compared to 7 months in the PCP and the acquisition of the Underwood property on 21 December 2022 which resulted in:
  - a $6.08 million increase in revenue and other income;
  - a $1.35 million increase in property expenses;
  - a $0.52 million increase in responsible entity costs;
- a $21.95 million fair value loss on investment properties which includes stamp duty paid on the acquisition of the Underwood property and other transaction costs compared to a $38.08 million fair value gain in the PCP (movement $60.03 million);
- a $0.42 million fair value gain on interest rate hedging instruments compared to a $2.88 million fair value gain in the PCP (movement $2.46 million);
- a net $3.70 million increase in finance costs as a result of an increase in interest rates on NPR's debt facilities ($3.74 million), and a reduction in amortisation costs;
- a $0.30 million increase in other fund expenses; and
- a $1.55 million decrease in acquisition, transaction, and legal settlement costs.

Funds from Operations and adjusted funds from operations

The table below provides a reconciliation between the net profit after tax for the period, funds from operations and adjusted funds from operations ('AFFO')

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Net profit/(loss) for the period	**(8,873,809)**	**51,849,823**
Add back:		
Borrowing costs amortisation	714,641	744,537
Other non-recurring costs	661,060	2,173,025
	1,375,701	2,917,562
Adjust for:		
Straight line rental adjustments	17,168	(486,236)
Revaluation of derivatives (note 7)	(421,993)	(2,880,094)
Net fair value (gain)/loss on investment property (note 13)	21,949,898	(38,083,612)
	21,545,073	(41,449,942)
Funds from Operations	**14,046,965**	**13,317,443**
Less: Maintenance capital expenditure	(269,575)	(179,612)
Less: Leasing capital expenditure	(520,000)	(431,080)
	(789,575)	(610,692)
Adjusted FFO ('AFFO')	**13,257,390**	**12,706,751**

Summary of financial position
A summary of the stapled group's financial position as at 30 June 2023 is set out below.

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Assets		
Non-current assets classified as held for sale	82,000,000	-
Investment property	459,772,018	487,382,474
Total assets	555,943,115	498,074,535
Net tangible assets	329,840,623	360,399,998
	No.	**No.**
Number of stapled securities on issue	177,819,763	181,648,296
Net tangible assets per stapled security	$1.85	$1.98

Capital management

	Consolidated
	30 Jun 2023
	$
Drawn debt	206,730,332
Debt facility limit	275,000,000
Cash and undrawn debt	73,359,626
Gearing ratio (interest bearing liabilities less cash divided by total tangible assets less cash)	36.61%
Hedged debt (borrowings hedged as a percentage of drawn debt)	48.37%

The stapled group entered into a 2-year interest rate swap with a notional value of $75.0 million with a commencement date of 3 July 2023. As a result, NPR has hedged $175.0 million of borrowings. Hedged debt (borrowings hedged as a percentage of drawn debt) will increase to approximately 65% post settlement of the acquisition of Preston and Underwood properties.

Investment properties and non-current assets classified as held for sale

The investment property portfolio including non-current assets classified as held for sale at 30 June 2023 consisted of 9 freehold assets, valued at $541.8 million, compared to $487.4 million at 30 June 2022. The Chadstone property was reclassified to non-current assets classified as held for sale at 30 June 2023 at fair value of $82 million. The increase in value (from $487.4 million to $541.8 million) was driven by acquisitions of the Underwood property ($56.0 million) and a second advance payment on the Preston property ($15.0 million) and net valuation decrease of $16.85 million.

Treasury

On 20 December 2022, as part of the Underwood property acquisition, the stapled group increased its senior secured syndicated debt facility limit from $215.0 million to $275.0 million. As part of the amendment to the debt facility, the Interest Cover Ratio ('ICR') covenant requirement was reduced from 2.5x to 2.0x. The Loan to Value Ratio ('LVR') covenant remained unchanged at 55.0%. The facility's maturity date of December 2024 remained unchanged.

As at 30 June 2023 the stapled group had $206.7 million of drawn debt and a gearing ratio of 36.61%.

Newmark Property REIT had interest rate caps with total notional value of $100.0 million as at 30 June 2023. Newmark Property REIT entered into an interest rate swap for a notional value of $75.0 million and commencement date of 3 July 2023.

Related party confirmation

The directors confirm that since listing, the Company, as Responsible Entity, has complied with, and continues to comply with, its Related Party Transaction Policy which is publicly available.

Business strategies and prospects

The material business risks faced by NPR that are likely to have an effect on its financial and operating performance are detailed below.

<table>
<tr><th>Risk</th><th></th><th>Description</th><th>Mitigation</th></tr>
<tr><td>External Risks</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Economic and market conditions</td><td>There is the risk that changes in economic and market conditions may affect asset returns and values of NPR.</td><td rowspan="2">NPR's objective is to provide investors exposure to a high-quality and defensive real estate portfolio weighted towards the LFR sector, underpinned by long-term leases to quality tenants with built in income growth. Investment Manager continues to execute NPR's strategy and actively manage the portfolio by adhering to NPR's strategy and investing in property that is strategically located in metropolitan and urban centre locations that have a critical mass and growing populations with a diversified local economy in addition to long-term leases to high-quality tenants.</td></tr>
<tr><td></td><td>Retail sector risks</td><td>NPR is weighted towards the hardware and LFR sub-sector within the Australian commercial property sector. Accordingly, NPR's performance will be affected by the performance of the Australian LFR property sector, which is in turn highly correlated with the performance of the Australian residential housing market.</td></tr>
<tr><td>Financial Risks</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Interest Rate</td><td>Risk of rising interest rates may adversely impact NPR's operating cash flows and distributions to investors. Continued increases will continue to place pressures on earnings and reduce ICR covenant headroom.</td><td>NPR continues to manage interest rate risk through implementation of its hedging policy and has hedged $175.0m of borrowings (approximately 65% of drawn borrowings post settlement of Preston and Underwood).</td></tr>
<tr><td></td><td>Funding and refinancing risk</td><td>NPR relies on a combination of funding options including equity and debt in order to execute its strategy. An inability to attract funding may adversely affect the growth prospects of NPR or even NPR's ability to maintain its properties to the requisite standard (which in turn may affect its ability to retain existing, or to attract new, tenants).
An inability to refinance any debt (either on acceptable terms or at all) or any increase in the cost of such funding, may also adversely impact the performance and the financial position of NPR.</td><td>Investment Manager continues to execute NPR's strategy and actively manage NPR's balance sheet to ensure compliance with NPR's debt facility requirements to enable continued access to funding requirements.</td></tr>
<tr><td></td><td>Valuations</td><td>Negative pressure on valuations from an increase in property yields, caused by rising interest rates and other factors may impact NPR's financing arrangements.</td><td>NPR's portfolio consists of nine well located, high-quality LFR commercial properties in metropolitan, urban centre and key regional locations along the eastern seaboard of Australia. Each property has been carefully selected for its underlying real estate attributes and secured by long-term leases to high-quality tenants that typically provide structured annual rental escalations – providing long-term growth and a level of protection against negative market movements.</td></tr>
</table>

	Gearing	The level of gearing exposes NPR to any changes in interest rates. Higher gearing will increase the effect of an increase in interest rates.	The Investment Manager continues to execute NPR's strategy and actively manage NPR's balance sheet to ensure compliance with NPR's targeted gearing range of 30% - 40%.
Operational			
	Occupational health and safety	There is a risk that liability arising from occupational health and safety matters at a property may be attributable to NPR as the landlord instead of, or as well as, the tenant. To the extent any liabilities may be borne by NPR, this may impact the financial performance of NPR (to the extent not covered by insurance). In addition, penalties may be imposed upon NPR which may have an adverse impact on NPR.	Health and safety risks are mitigated through a range of measures including training, contractor registration and induction, incident reporting and safety audits. NPR's assets are under the use and control of tenants and the Responsible Entity engages with tenants in respect of their compliance measures under leases and WHS law.
Environmental			
	Climate	The introduction of more stringent environmental laws and regulations in the future, for example, in order to combat climate change, may require NPR to undertake material expenditure to ensure that the required compliance is maintained.	NPR has adopted an ESG framework under which it is working to enhance its environmental and climate related risk management, working towards reporting to the TCFD framework.
	Technology and cyber security	Increasing occurrence and sophistication of cyber attacks presents increased risks including compromised systems, loss of data and reputational harm.	The Responsible Entity has enacted enhanced security on its IT systems and conducted benchmarking and penetration testing of its systems. Ongoing validation and review is undertaken.
Regulatory			
	Compliance	The Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its AFSL, ASIC may take action to suspend or revoke the licence, which in turn would adversely impact the ability of the Responsible Entity to manage NPR.	In order to ensure compliance with the Constitutions, the Corporations Act and the ASX Listing Rules, the Responsible Entity has adopted a Compliance Plan for each of NHT and Chadstone Trust which sets out the key processes the Responsible Entity will apply in complying with its compliance obligations. The Audit, Risk and Compliance Committee oversees the Responsible Entity's compliance functions including regular reporting to the Board of Directors. Independent audit of the Responsible Entity's compliance with its AFSL and the Trusts' Compliance Plans is conducted annually.
	Conflicts of interest	In addition to managing the assets of NPR, the Investment Manager is also the manager of other commercial property funds. The management of properties for different funds may lead to actual or perceived conflicts of interest, including with regards to the acquisition of properties, leasing and the allocation of the Investment Manager's resources to each different fund.	The Responsible Entity has sought to mitigate this risk by requiring the Investment Manager to consider investment opportunities, which are relevant to NPR and other clients of the Investment Manager, in accordance with Newmark Group's Related Party Transactions and Conflicts of Interest Policy.

Matters subsequent to the end of the financial year

On 8 August 2023, NPR settled the acquisition of the Preston property, utilising $53.5 million in funds under its debt facility. Post settlement of Preston and at the date of this report NPR's drawn debt is $260.2 million.

During the financial year, the stapled group entered into a 2-year interest rate swap with a notional value of $75.0 million. The swap commenced on 3 July 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the stapled group's operations, the results of those operations, or the stapled group's state of affairs in future financial years.

Likely developments and expected results of operations

The stapled group will continue to be managed in accordance with its existing investment objectives and guidelines.

The results of the stapled group will be affected by a number of factors, including the performance of investment markets in which the stapled group invests and macroeconomic factors including interest rates. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The directors are satisfied that adequate systems are in place to manage the group's environmental responsibility and compliance with regulations. The directors are not aware of any material breaches of environmental regulations and, to the best of their knowledge and belief, all activities have been undertaken in compliance with environmental requirements.

Information on current directors

Name:	Michael Doble
Title:	Chairperson and Independent Non-Executive Director
Qualifications:	Michael holds a Graduate Diploma in Applied Finance & Investment, an Associate Diploma in Valuations and a Bachelor of Business.
Experience and expertise:	Michael has over 36 years' experience in the property industry in Australia. He has recently retired from the Board of Think Childcare (Developments) after it was taken over and delisted. Michael's executive career spans property valuation and funds management, where he held senior roles at Knight Frank, ANZ Funds Management and APN. At APN, Michael managed multi-billion dollar investment portfolios including pure AREIT, hybrid (listed and unlisted) and Asian REIT funds.
Other current directorships:	Nil
Former directorships (last 3 years):	Think Childcare (Developments)
Special responsibilities:	Chairperson of the Board and member of the Audit, Risk and Compliance Committee
Interests in stapled securities:	56,513

Name:	Melinda Snowden
Title:	Independent Non-Executive Director
Qualifications:	Melinda holds a Bachelor of Economics and a Bachelor of Laws from the University of Sydney, is a Fellow of FINSIA and is a graduate member of the Australian Institute of Company Directors.
Experience and expertise:	Melinda has over 28 years' experience in finance and has been a professional non-executive director since 2010 in a broad range of industries. Prior to her non-executive career, she held investment banking roles with Grant Samuel, Merrill Lynch, and Goldman Sachs and was a solicitor in the corporate division of Herbert Smith Freehills.
Other current directorships:	Melinda is currently a Non-Executive Director and Chair of the Audit and Risk Committee of ASX listed companies Temple & Webster Group Limited and Megaport Limited. Melinda is also currently a Non-Executive Director and Chair at LLS Fund Services Pty Ltd.
Former directorships (last 3 years):	Melinda has held previous non-executive director roles at Best & Less Group Holdings Limited, Sandon Capital Investments limited, Mercer Investments (Australia) and Kennards Self Storage.
Special responsibilities:	Chairperson of Audit, Risk and Compliance Committee
Interests in stapled securities:	15,000

Name:	Andrew Erikson
Title:	Independent Non-Executive Director
Qualifications:	Andrew holds a Bachelor of Laws (Honours) from The University of Melbourne.
Experience and expertise:	Andrew was a distinguished property lawyer with over 40 years' experience in real estate development and investment in Australia and around the world, having spent time in Europe, the UK and the US. Most recently a partner at King & Wood Mallesons (retired 31 December 2020), he was highly sought after for his legal expertise and regularly nominated as a top lawyer in the area of real estate by Chambers Asia Pacific and Chambers Global Legal 500 Asia Pacific, and has previously been a member of the Urban Development Institute of Australia, Property Council of Australia and Law Institute of Victoria.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in stapled securities:	50,000

Name:	Christopher Langford
Title:	Joint Managing Director
Qualifications:	Chris holds a Bachelor of Architecture from The University of Melbourne.
Experience and expertise:	Chris is currently Executive Director and Joint Managing Director of Newmark Group, having co-founded the firm with Simon T. Morris in 2011. During his 30-year career across commercial property investment, development and management, he has held executive leadership roles at Lend Lease and Mirvac and has managed his own property consulting business. Chris was a member of the AFL Commission from 1999 to 2016.
Other current directorships:	Nil
Former directorships (last 3 years):	Chris has held directorships at RCL Group and Macarthur Cook Limited.
Special responsibilities:	Managing Director
Interests in stapled securities:	48,729

Name:	Mark Allan
Title:	Non-executive Director
Qualifications:	Mark is a Chartered Accountant and holds a Master of Taxation from The University of Melbourne and a Bachelor of Business (Accounting) from Monash University.
Experience and expertise:	Mark has over 25 years' experience in investment management, corporate advisory and property having held senior roles at Ernst & Young and Deloitte, where he was Executive Director and Partner, respectively.
Other current directorships:	He is currently CEO of private investment firm, Galabay, and is a Non-Executive Director and Responsible Manager of Newmark Capital Limited.
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Audit, Risk and Compliance Committee
Interests in stapled securities:	27,323

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Peter Jeffery Hulbert is the Company Secretary of Newmark REIT Management Limited and General Manager, Legal of Newmark Group.

Peter is highly skilled and experienced in corporate law, governance, compliance and risk management with over 19 years' experience in the legal and property funds management industries, including listed, unlisted, retail, wholesale, open-ended and fixed term funds and alternative investment vehicles. Peter has developed strong capabilities in managing complex corporate and fund transactions, diverse stakeholders and regulatory engagement. Peter has previously held positions as General Counsel and Company Secretary of Arena REIT and Arena Investment Management and is a barrister and solicitor of the Supreme Court of Victoria.

Peter holds a Bachelor of Business (Management) and Bachelor of Laws, both from Monash University.

Meetings of Responsible Entity
The number of meetings of the Board of the Responsible Entity ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director of the Board were:

	Full Board		Audit, Risk and Compliance Committee	
	Attended	Held	Attended	Held
Michael Doble	13	13	6	6
Melinda Snowden	13	13	6	6
Andrew Erikson	13	13	N/a	N/a
Christopher Langford	13	13	N/a	N/a
Mark Allan	13	13	6	6

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Securities under option
There were no unissued securities of NPR under option outstanding at the date of this report.

Securities issued on the exercise of options
There were no securities of NPR issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers
During the financial year, the Responsible Entity paid a premium in respect of a contract to insure its directors and executives against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The stapled group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the stapled group or any related entity against a liability incurred by the auditor.

During the financial year, the stapled group has not paid a premium in respect of a contract to insure the auditor of the stapled group or any related entity.

Proceedings on behalf of the Stapled Group
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the stapled group, or to intervene in any proceedings to which the stapled group is a party for the purpose of taking responsibility on behalf of the stapled group for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors of the Responsible Entity are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the reasons set out in the Auditors independence declaration.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of the Responsible Entity pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Responsible Entity:

____
Michael Doble
Chairperson
9 August 2023
Melbourne

SW
Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF NEWMARK REIT MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR NEWMARK HARDWARE TRUST AND NEWMARK CAPITAL (CHADSTONE) PROPERTY TRUST

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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.

SW

SW Audit

Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 9 August 2023

Newmark Property REIT
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 30 Jun 2023	30 Jun 2022
Revenue and other income	6	30,270,172	24,191,464
Net fair value remeasurement of investment properties	13	(21,949,898)	38,083,612
Remeasurement to fair value of derivatives	7	421,993	2,880,094
Expenses			
Borrowing costs amortisation		(714,641)	(744,537)
Custodian fees		(125,711)	(68,901)
Finance costs		(7,467,303)	(3,741,772)
Legal and professional fees		(517,598)	(604,425)
Transaction costs		(618,470)	(2,173,025)
Management fees		(3,133,514)	(2,609,205)
Other expenses		(683,360)	(344,537)
Property expenses		(4,291,829)	(2,943,874)
Registry fees		(63,650)	(75,071)
Profit/(loss) for the year		(8,873,809)	51,849,823
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(8,873,809)	51,849,823
Profit/(loss) for the year is attributable to:			
Owners of Newmark Hardware Trust		(11,439,112)	48,864,233
Non-controlling interest		2,565,303	2,985,590
		(8,873,809)	51,849,823
Total comprehensive income for the year is attributable to:			
Owners of Newmark Hardware Trust		(11,439,112)	48,864,233
Non-controlling interest		2,565,303	2,985,590
		(8,873,809)	51,849,823
		Cents	**Cents**
Earnings per stapled security on profit/(loss) attributable to security holders of the Trust (parent entity)			
Basic earnings per stapled security	31	(6.34)	25.67
Diluted earnings per stapled security	31	(6.34)	25.67

Total comprehensive income attributable to non-controlling interest represents the results of Newmark Capital (Chadstone) Property Trust, being an entity that is stapled to the units of Newmark Hardware Trust to form Newmark Property REIT.

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

Newmark Property REIT
Statement of financial position
As at 30 June 2023

	Note	Consolidated 30 Jun 2023 $	30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	5,089,958	5,275,909
Trade and other receivables	9	251,351	616,068
Other assets	10	3,032,102	1,919,990
Derivative financial assets	12	3,196,997	-
Non-current assets classified as held for sale	11	82,000,000	-
Total current assets		93,570,408	7,811,967
Non-current assets			
Derivative financial assets	12	2,600,689	2,880,094
Investment properties	13	459,772,018	487,382,474
Total non-current assets		462,372,707	490,262,568
Total assets		555,943,115	498,074,535
Liabilities			
Current liabilities			
Trade and other payables	14	4,399,053	1,833,580
Deferred consideration	15	10,000,000	-
Distributions payable	16	3,556,395	4,232,407
Revenue received in advance		2,007,753	1,829,011
Total current liabilities		19,963,201	7,894,998
Non-current liabilities			
Borrowings	17	206,139,291	129,779,539
Total non-current liabilities		206,139,291	129,779,539
Total liabilities		226,102,492	137,674,537
Net assets		329,840,623	360,399,998
Equity			
Attributable to parent unitholder interests			
Issued capital	18	219,712,673	224,119,254
Retained earnings		49,058,600	74,002,263
Parent entity interest - owners of Newmark Hardware Trust		268,771,273	298,121,517
Attributable to non-controlling interests			
Issued capital	19	48,597,866	49,518,398
Retained earnings	19	12,471,484	12,760,083
Non-controlling interests - owners of Newmark Capital (Chadstone) Property Trust		61,069,350	62,278,481
		329,840,623	360,399,998

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

Newmark Property REIT
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	**Issued capital** $	**Retained earnings** $	**Non-controlling interest** $	**Total equity** $
Balance at 1 July 2021	117,044,876	36,882,826	-	153,927,702
Profit for the year	-	48,864,233	2,985,590	51,849,823
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	48,864,233	2,985,590	51,849,823
Transactions with security holders in their capacity as owners:				
Unit applications prior to stapling	28,235,437	-	-	28,235,437
Unit redemptions prior to stapling	(22,258,363)	-	-	(22,258,363)
Units issued on completion of stapling arrangement	101,097,304	-	-	101,097,304
Initial recognition of unitholder capital in Newmark Capital (Chadstone) Property Trust	-	-	61,180,630	61,180,630
Distributions declared	-	(11,744,796)	(1,887,739)	(13,632,535)
Balance at 30 June 2022	224,119,254	74,002,263	62,278,481	360,399,998

Consolidated	**Issued capital** $	**Retained earnings** $	**Non-controlling interest** $	**Total equity** $
Balance at 1 July 2022	224,119,254	74,002,263	62,278,481	360,399,998
Profit/(loss) for the year	-	(11,439,112)	2,565,303	(8,873,809)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(11,439,112)	2,565,303	(8,873,809)
Transactions with security holders in their capacity as owners:				
Share buybacks (note 18)	(4,406,581)	-	(920,532)	(5,327,113)
Distributions declared		(13,504,551)	(2,853,902)	(16,358,453)
Balance at 30 June 2023	219,712,673	49,058,600	61,069,350	329,840,623

The current year's statement of changes in equity reflects the equity of the stapled group for the financial year ended 30 June 2023. The comparative year's statement of changes in equity incorporated the stapling of units of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust on 8 December 2021 and therefore reflected the equity of the stapled group for the period ended 30 June 2022.

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

Newmark Property REIT
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 30 Jun 2023 $	30 Jun 2022 $
Cash flows from operating activities			
Rental and outgoings received (inclusive of GST)		31,921,986	23,386,867
Payments to suppliers (inclusive of GST)		(11,552,556)	(10,324,920)
Interest and other finance costs paid		(7,482,303)	(3,741,772)
Net cash from operating activities	29	12,887,127	9,320,175
Cash flows from investing activities			
Payments for investment property		(66,356,610)	(47,562,627)
Net cash acquired on stapling of NCP		-	299,585
Net cash used in investing activities		(66,356,610)	(47,263,042)
Cash flows from financing activities			
Proceeds from borrowings		76,000,000	-
Repayment of borrowings		-	(76,094,442)
Borrowing costs paid		(354,891)	-
Issue of unit capital		-	152,750,545
Redemptions of units paid		-	(22,258,164)
Share buybacks		(5,327,113)	-
Distributions paid		(17,034,464)	(11,933,209)
Net cash from financing activities		53,283,532	42,464,730
Net increase/(decrease) in cash and cash equivalents		(185,951)	4,521,863
Cash and cash equivalents at the beginning of the financial year		5,275,909	754,046
Cash and cash equivalents at the end of the financial year	8	5,089,958	5,275,909

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

Note 1. General information

The financial statements are those of Newmark Property REIT as a group consisting of Newmark Hardware Trust (the 'Trust', 'parent entity' or 'NHT') and the entities it controlled at the end of, or during, the financial year ended 30 June 2023 and Newmark Capital (Chadstone) Property Trust ('NCP') (collectively referred to as 'Newmark Property REIT', 'group' or 'stapled group'). The financial statements are presented in Australian dollars, which is Newmark Property REIT's functional and presentation currency. The prior comparative period was the financial year ended 30 June 2022.

The trusts comprising the Newmark Property REIT stapled group are managed investment schemes registered in Australia. The governing body and responsible entity of the schemes is Newmark REIT Management Limited ('the Responsible Entity'). Its registered office and principal place of business is:

Level 17, 644 Chapel Street South Yarra
Victoria, 3141

A description of the nature and results of the stapled group's operations for the period are included in the Responsible Entity's report which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Responsible Entity, on 9 August 2023.

Note 2. Stapling of securities of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust and ASX Listing of Newmark Property REIT

The trust units of NHT are stapled to the trust units of NCP resulting in stapled securities being held by all investors. The units of both trusts are therefore traded together as one security. The stapled securities, known as Newmark Property REIT, were admitted to the official list of the Australian Securities Exchange ('ASX') on 8 December 2021 with the ASX code NPR. NHT and NCP remain separate managed investment schemes in accordance with the *Corporations Act 2001*.

As NHT was identified as the parent entity in relation to the stapling transaction in accordance with AASB 3 ‘Business Combinations’, the consolidated financial statements of Newmark Property REIT represent a continuation of the consolidated financial statements of NHT. The contributed equity and retained earnings of NCP are shown as non-controlling interests in these financial statements even though the equity holders of NCP (the acquiree) are also equity holders in NHT (the acquirer) by virtue of the stapling arrangement.

Financial report of Newmark Capital (Chadstone) Property Trust
As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, the financial statements of NCP are presented as a separate section to this financial report.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The stapled group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There are no new or amended standards that are deemed to be material for the current financial year.

There are no new or amended Accounting Standards or Interpretations that are not yet mandatory that have been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 3. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the stapled group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the stapled group only.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NHT as at 30 June 2023 and the results of all subsidiaries for the year then ended. NHT, its subsidiaries and stapled entities together are referred to in these financial statements as the 'stapled group'.

Subsidiaries are all those entities over which the stapled group has control. The stapled group controls an entity when the stapled group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the stapled group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between entities in the stapled group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the stapled group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interests acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the stapled group. Losses incurred by the stapled group are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the stapled group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interests in the subsidiary together with any cumulative translation differences recognised in equity. The stapled group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'), which is the Board of Directors of the Responsible Entity. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The stapled group recognises revenue as follows:

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives. Contingent rentals are recognised as income in the period when earned.

Recoverable outgoings
The stapled group recognises direct and indirect outgoings as revenue based on actual costs incurred by the stapled group in accordance with the terms of the related leases on an accrual basis and billed monthly in arrears. Actual costs recoverable reflect the service provided, generally by external service and utility providers. The outgoings recoverable are recognised over the period the services are provided.

Note 3. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
Under current Australian income tax legislation, the stapled group is not liable to pay income tax provided the Responsible Entity has distributed all the taxable income of the stapled group to unit holders.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the stapled group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the stapled group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The stapled group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivative financial instruments are classified at fair value through profit or loss.

The cost of entering into a derivative contract is recognised in the statement of profit or loss and other comprehensive income as part of the fair value movement of the instrument.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Non-current assets classified as held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Non-current assets classified as held for sale is measured at fair value.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position. Non-current assets held for sale are classified as current assets.

Note 3. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the stapled group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The stapled group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the stapled group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the stapled group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Investment properties also include properties under construction for future use as investment properties. These are carried at cost less accumulated impairment when construction is incomplete.

Deferred consideration
The Stapled Group initially recognises deferred consideration at fair value with subsequent changes in fair value capitalised into the value of investment property.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the stapled group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 3. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowing costs
Costs in relation to borrowings are capitalised and amortised on a straight-line basis over the period of the finance arrangement.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the stapled group has a present (legal or constructive) obligation as a result of a past event, it is probable the stapled group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement
When a financial or non-financial asset or liability is measured at fair value for recognition or disclosure purposes, the fair value is based on, as applicable, the price that would be received to sell the asset or the price paid to transfer the liability in an orderly transaction between market participants at the measurement date and on the assumption that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market available.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Deferred consideration measured at fair value with subsequent changes in fair value are capitalised into the value of investment property.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction from the proceeds.

Distributions
Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Responsible Entity, on or before the end of the financial year but not distributed at the reporting date.

Earnings per stapled security
Basic earnings per stapled security
Basic earnings per stapled security is calculated by dividing the profit/(loss) attributable to the security holders of NPR, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the financial year.

Note 3. Significant accounting policies (continued)

Diluted earnings per stapled security
Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per securities to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New and amended Accounting Policies not yet adopted by the Entity
Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the stapled group for the annual reporting period ended 30 June 2023. The stapled group has not yet conducted a full assessment of the impact of these new or amended Accounting Standards and Interpretations, however, based on the current operations of the stapled group, preliminary analysis indicates that no standard will have a material impact on the financial statements. The standards that may have some relevance are as follows:

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
The Group plans on adopting the amendment for the reporting period ending 30 June 2024.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
The Group plans on adopting the amendment for the reporting period ending 30 June 2024.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
The Group plans on adopting the amendments for the reporting period ending 30 June 2024.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Investment Manager continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Investment Manager bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Parent entity of the stapled group
On 8 December 2021, as part of the formation of Newmark Property REIT, the equity of NHT was stapled to the equity of NCP which resulted in NHT being deemed as the parent entity for accounting purposes under accounting standard AASB 3 Business Combinations. NCP was therefore deemed as a subsidiary of NHT for accounting purposes as from that date.

Accordingly the following amounts are represented in the financial statements:

	12 Months to 30 June 2023	**12 Months to 30 June 2022**
Statement of Comprehensive Income Statement of Changes in Equity Statement of Cash Flows	NHT + NCP	5 months NHT and 7 months NHT + NCP
Underlying Earnings	NHT + NCP	5 months NHT and 7 months NHT + NCP
Balance Sheet as at year end	NHT + NCP	NHT + NCP

The presentation of certain items has also been adjusted as necessary to provide more meaningful information in the context of the stapled group. Where the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified unless it is impractical. The adjustments made to the presentation of items had no impact on the net assets or net profit of the stapled group.

Investment property valuation
Investment properties are measured at fair value. Fair values have been determined in accordance with the fair value measurement hierarchy. The fair value assessment of investment property as at 30 June 2023 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance.

Refer to note 21 for the details of key assumptions and inputs in measuring fair value.

Fair value measurement hierarchy
The stapled group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 5. Operating segments

Identification of reportable operating segments
The stapled group comprises a portfolio of nine high-quality large format retail (‘LFR’) commercial properties in metropolitan, urban centre and key regional locations along the eastern seaboard of Australia.

The stapled group consists of Newmark Hardware Trust ('NHT') and Newmark Capital (Chadstone) Property Trust ('NCP'). NHT comprises a portfolio of nine high-quality commercial properties that includes the Preston property that was settled on 8 August 2023. NCP is a single asset property trust that owns the Chadstone Homeplus Homemaker Centre in Victoria, which also has Bunnings as its major tenant.

Based on the internal reports reviewed and used by the CODM in assessing performance and in determining the allocation of resources, the stapled group is organised into 2 operating segments being NHT and NCP.

Note 5. Operating segments (continued)

The segments exhibit similar long-term financial performance and have similar economic characteristics in that both offer large format retail tenancies to large retail businesses. The two segments have been aggregated as separate disclosure of segmental financial information would not produce any incremental benefit to enable users of the financial statements to evaluate the nature and financial effects of the business activities and economic environments in which the stapled group operates.

The aggregated operating segment information is therefore the same information as disclosed in these financial statements of the stapled group and is therefore not duplicated as a separate segment note.

The CODM reviews Funds from Operations on a monthly basis, being cash flows generated by the operations of the stapled group. This is derived as Net Income with non-cash items and financing related cash flows added back. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Intersegment transactions
There were no intersegment operating transactions made during the financial period.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. The intersegment financing loan is at market rates based on the syndicated loan. Intersegment loans are eliminated on consolidation. The intersegment operating loan is interest-free.

Major customers
During the financial year ended 30 June 2023 approximately 64.21% (30 June 2022: 64.1%) of the stapled group's external revenue was derived from Bunnings Group Limited tenancies.

Note 6. Revenue and other income

	Consolidated	
	30 Jun 2023 $	**30 Jun 2022 $**
Revenue and other income		
Rental income	26,165,133	20,933,153
Straight line rental adjustment	(17,168)	486,236
Recoverable outgoings	2,638,073	2,069,803
Interest income	1,340,377	661,405
Other income	143,757	40,867
Revenue and other income	30,270,172	24,191,464

Note 7. Remeasurement to fair value of derivatives

	Consolidated	
	30 Jun 2023 $	**30 Jun 2022 $**
Remeasurement to fair value of derivatives	421,993	2,880,094

The net fair value gain in relation to derivative financial instruments of $421,993 (30 June 2022: $2,880,094) arose as a result of the revaluation of interest rate cap and interest rate swap hedging instruments.

Note 8. Cash and cash equivalents

	Consolidated	
	30 Jun 2023 $	**30 Jun 2022 $**
Current assets		
Cash at bank	5,089,958	5,275,909

Note 9. Trade and other receivables

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current assets		
Trade receivables	251,351	621,274
Less: Allowance for expected credit losses	-	(5,206)
	251,351	616,068
	251,351	616,068

Allowance for expected credit losses
The expected credit losses recognised represent the lifetime expected credit losses of the trade receivable balance.

The ageing of the receivables for above are as follows:

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
0 to 3 months overdue	243,919	604,115
3 to 6 months overdue	7,432	11,953
Over 6 months overdue	-	-
	251,351	616,068

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Opening balance	5,206	-
Additions through business combinations	-	17,217
Unused amounts reversed	(5,206)	(12,011)
	-	5,206

Note 10. Other assets

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current assets		
Accrued revenue	2,248,248	1,182,153
Prepayments	783,854	737,837
	3,032,102	1,919,990

Accrued revenue relates to the coupon payable for the Preston property.

Note 11. Non-current assets classified as held for sale

	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current assets		
Non-current assets classified as held for sale	82,000,000	-

The Chadstone property was marketed for sale in June 2023. The marketing process is ongoing as at the date of this financial report.

Note 12. Derivative financial assets

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current assets		
Fair value of interest rate cap hedging instruments	2,019,765	-
Fair value of interest rate swap hedging instruments	(1,318,368)	-
Interest rate swap upfront payment	2,495,600	-
	3,196,997	-

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Non-current assets		
Fair value of interest rate cap hedging instruments	865,770	2,880,094
Fair value of interest rate swap hedging instruments	1,734,919	-
	2,600,689	2,880,094

Note 13. Investment properties

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Non-current assets		
Investment properties - at fair value	429,400,000	472,250,000
Investment property - under construction	30,372,018	15,132,474
	459,772,018	487,382,474

Reconciliation
Reconciliation of investment properties at the beginning and end of the current and previous financial year are set out below:

Opening balance	487,382,474	320,750,000
Acquisitions	72,078,123	43,587,000
Additions	804,894	-
Transaction costs	3,473,593	4,475,626
Straight line rental adjustment	(17,168)	486,236
Fair value remeasurement	(21,121,118)	38,083,612
Impairment loss of Investment property - under construction	(828,780)	-
Additions from NCP at time of stapling	-	80,000,000
Transfer to non-current assets classified as held for sale	(82,000,000)	-
Closing balance	459,772,018	487,382,474

Net fair value remeasurement of investment properties as listed in Statement of profit and loss consists of:

Fair value remeasurement	(21,121,118)	-
Impairment loss of Investment property - under construction	(828,780)	-
	(21,949,898)	-

Note 13. Investment properties (continued)

Additions

On 5 July 2022, NPR made a partial advance payment of $15.0 million relating to the acquisition of the Preston property.

On 8 July 2022, NPR announced the conditional acquisition of the Underwood property, a high-quality LFR property in metropolitan Brisbane, Queensland for $57.0 million. On 23 August 2022 a fire occurred at the property causing material damage to one of the property's buildings (Building 4). On 19 December 2022, NPR announced that it had agreed with the vendor (Clarence Property) to vary the terms of the original contract, including a reduction in the purchase price to $56.0 million. Additionally, settlement of the property was revised with NPR making a partial payment of $46.0 million on 21 December 2022, which was funded via NPR's debt facility, with the property's title to be transferred at settlement. The remaining $10.0 million is due and payable upon certain milestones being reached, including reinstatement of Building 4, commencement of trading by affected tenants and rectification of defects. The Vendor has provided a rent guarantee over the gross passing rent derived from tenants within the building that was damaged by the fire, from settlement through to completion of building works and re-commencement of rent.

Valuations of investment properties

The directors will assess the value of each property as at each financial reporting date. The basis of the valuation of investment properties is fair value. The scheme documents of each of NHT and NCP require its investment properties to be independently valued at least once every three years or more frequently if required by a lender or where the Directors believe there has been a material change in value. The directors currently intend to have each property independently valued on a rolling cycle once every 18 months.

In accordance with the Responsible Entity's valuation policy, independent valuations of the Preston, Warragul, Launceston, Melton, Lake Haven and Eastgardens properties were obtained as at 30 June 2023. These valuations were provided by independent valuers, each being a member of the Australian Property Institute and having adequate experience in the location and category of the respective investment property being valued. The balance of the NPR portfolio was assessed by internal directors' valuations as at 30 June 2023.

For the key inputs used in determining investment property valuations, refer to note 21.

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant).

Investment properties pledged as security

The investment properties have been provided as security over the borrowings of the stapled group. Refer to note 17 for further details.

Lease payments receivable

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Minimum undiscounted lease payments receivable but not recognised in the financial statements:		
Year 1	27,766,740	23,835,427
Year 2	28,236,579	24,468,812
Year 3	27,060,148	24,749,097
Year 4	20,951,270	24,775,157
Year 5	16,424,476	20,008,714
Over 5 years	41,398,496	76,783,876
	161,837,710	194,621,083

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the stapled group is a lessor is recognised on a straight-line basis over the lease term.

Note 14. Trade and other payables

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current liabilities		
Trade payables	610,152	239,696
BAS payable	514,165	381,608
Sundry creditors and accruals	779,136	1,212,276
Interest rate swap upfront payment	2,495,600	-
	4,399,053	1,833,580

Refer to note 20 for further information on financial instruments.

Note 15. Deferred consideration

During the period, the acquisition of the Underwood property was revised to a structured settlement with NPR making a partial payment of $46.0 million on 21 December 2022. The remaining $10.0 million will be due and payable upon certain milestones being reached including the reinstatement of the building, commencement of trading by affected tenants and rectification of defects, expected to be completed in the third quarter of calendar year 2023. Refer to note 13 for further detail.

The directors have adopted the nominal deferred consideration value of $10.0 million, as the stapled group believes this is the most likely outflow following rectification work on the Underwood property by the vendor.

Note 16. Distribution payable

	30 Jun 2023	**30 Jun 2022**
	$	**$**
Current liabilities		
Distributions	3,556,395	795,693

30 Jun 2023	**Distribution payable**
Opening balance	4,232,406
Distribution declared for the year	16,358,453
Distribution paid for the year	(17,034,464)
Carrying amount at the end of the year	3,556,395

Note 17. Borrowings

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Non-current liabilities		
Bank loans	206,139,291	129,779,539
	206,139,291	129,779,539

Refer to note 20 for further information on financial instruments.

Note 17. Borrowings (continued)

The bank loan balance comprises the following components:

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Drawn down loan facility	206,730,332	130,730,421
Capitalised borrowing costs	(2,641,681)	(2,286,792)
Amortised borrowing costs	2,050,640	1,335,910
	206,139,291	129,779,539

Assets pledged as security
The carrying amounts of assets pledged as security for borrowings are:

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Non-current assets classified as held for sale (note 11)	82,000,000	-
Investment properties (note 13)	429,400,000	472,250,000
	511,400,000	472,250,000

Preston is excluded from the security pool until settlement.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Total facilities		
Bank loans	275,000,000	215,000,000
Used at the reporting date		
Bank loans	206,730,332	130,730,332
Unused at the reporting date		
Bank loans	68,269,668	84,269,668

Banking arrangements as at 30 June 2023 consist of a syndicated finance facility provided by two major Australian banks. The bank facilities were modified on 20 December 2022 to increase the facility limit to $275,000,000. As part of the amendment to the debt facility, the Interest Cover Ratio (ICR) covenant requirement was reduced from 2.5x to 2.0x. The Loan to Value Ratio ('LVR') covenant remained unchanged at 55.0%.

Note 18. Issued capital

	Consolidated			
	30 Jun 2023 Units	30 Jun 2022 Units	30 Jun 2023 $	30 Jun 2022 $
Stapled securities - fully paid	177,819,763	181,648,297	219,712,673	224,119,254
	177,819,763	181,648,297	219,712,673	224,119,254

Note 18. Issued capital (continued)

Movements in ordinary issued capital

Details	Date	Units	$
Balance	1 July 2022	181,648,297	224,119,254
Share buybacks	16 August 2022 - 30 June 2023	(3,828,534)	(4,406,581)
Balance of stapled securities	30 June 2023	177,819,763	219,712,673

Stapled securities
Stapled securities represent the stapling of the ordinary units of Newmark Hardware Trust to the ordinary units of Newmark Capital (Chadstone) Property Trust. Stapled securities are listed on the ASX under code NPR. They entitle the holder to participate in distributions of the stapled group.

On-market buy-back
Newmark Property REIT commenced an on-market buy-back of its stapled securities on 16 August 2022. As at 30 June 2023, Newmark Property REIT had bought back 3,828,534 stapled securities for a total consideration of $5,327,113.

Capital risk management
The stapled group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for stapled security holders and to maintain an optimum capital structure.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the stapled group may adjust the amount of distributions paid to stapled security holders, return capital to stapled security holders, issue new securities or sell assets to reduce debt.

The stapled group would look to raise capital when an opportunity to invest in a property, business or company was seen as in the best interests of security holders.

The stapled group is subject to certain financing arrangement covenants under its syndicated debt facilities and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the PDS dated 16 November 2021 which related to the formation of the stapled group.

Note 19. Non-controlling interest

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Issued capital	48,597,866	49,518,398
Retained profits	12,471,484	12,760,083
	61,069,350	62,278,481

Non-controlling interests represent the equity interest of unitholders in Newmark Capital (Chadstone) Property Trust.

Note 20. Financial instruments

Financial risk management objectives

The stapled group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The stapled group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the stapled group. The stapled group uses derivative financial instruments such as interest rate cap hedging instruments to hedge interest rate risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The stapled group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of the Responsible Entity ('the Board'). These policies include identification and analysis of the risk exposure of the stapled group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the stapled group's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk
The stapled group is not exposed to foreign currency risk.

Price risk
The stapled group is not exposed to any significant price risk.

Interest rate risk
The stapled group's main interest rate risk arises from medium-term borrowings. Borrowings obtained at variable rates expose the stapled group to interest rate risk. Borrowings obtained at fixed rates expose the stapled group to fair value interest rate risk.

Interest rate cap hedging instruments
The policy of the stapled group is to hedge approximately 50% - 100% of its borrowings.

The stapled group has an existing interest rate cap hedging instruments with a notional underlying value of $100 million that terminates between February 2024 and March 2025. During the year, the stapled group entered into a 2-year interest rate swap with a notional value of $75.0 million with a commencement date of 3 July 2023.

Bank loans outstanding totalling $206,730,332 (30 June 2022: $130,730,332). The facilities have a maturity date of December 2024. The interest rate that is applicable is the aggregate of the margin and BBSY Bid for the relevant period.

An official increase/decrease in interest rates of +/-100 basis points (30 June 2022 +/-100 basis points) would have an adverse/favorable effect on profit before tax of $2,067,303 (30 June 2022 : $1,307,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

In addition, no minimum principal repayment (30 June 2022: nil) was due during the year ending 30 June 2023.

	Basis points increase			Basis points decrease		
Consolidated - 30 June 2023	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank borrowings	100	(2,067,303)	(2,067,303)	100	2,067,303	2,067,303

	Basis points increase			Basis points decrease		
Consolidated - 30 June 2022	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank borrowings	100	(1,307,000)	(1,307,000)	100	1,307,000	1,307,000

Note 20. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the stapled group. The stapled group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The stapled group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date for recognised financial assets is their carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The stapled group does not hold any collateral. The stapled group is confident that trade and other receivables will be recoverable.

The ageing of the receivables (net of provision for credit losses) is as follows:

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
0 to 3 months overdue	243,919	604,115
3 to 6 months overdue	7,432	11,953
Over 6 months overdue	-	-
	251,351	616,068

Maturity analysis of other financial assets:

Consolidated - 30 June 2023	**Weighted average interest rate** %	**1 year or less** $	**Between 1 and 2 years** $	**Between 2 and 5 years** $	**Over 5 years** $	**Remaining contractual maturities** $
Derivatives						
Interest rate cap hedging instruments	-	2,019,765	865,770	-	-	2,885,535
Interest rate swap hedging instruments	-	(1,318,368)	1,734,919	-	-	416,551
Total Interest rate hedging instruments		701,397	2,600,689	-	-	3,302,086

Liquidity risk

Vigilant liquidity risk management requires the stapled group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.
The stapled group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
At the reporting date NPR had undrawn borrowing facilities of $68,269,668.

Subject to the continuance of satisfactory credit ratings, the bank syndicated debt facilities may be drawn at any time and will expire in December 2024.

Note 20. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the stapled group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 30 June 2023	**%**	**$**	**$**	**$**	**$**	**$**
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	4,399,053	-	-	-	4,399,053
Interest-bearing – variable						
Bank loans	3.01%	-	206,730,332	-	-	206,730,332
Total non-derivatives		4,399,053	206,730,332	-	-	211,129,385

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 30 June 2022	**%**	**$**	**$**	**$**	**$**	**$**
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,833,580	-	-	-	1,833,580
Interest-bearing – variable						
Bank loans	0.67%	-	-	130,730,332	-	130,730,332
Total non-derivatives		1,833,580	-	130,730,332	-	132,563,912

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Fair value measurement

Fair value hierarchy

The following tables detail the stapled group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Note 21. Fair value measurement (continued)

Consolidated - 30 June 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Non-current assets classified as held for sale	-	-	82,000,000	82,000,000
Investment properties at fair value	-	-	429,400,000	429,400,000
Interest rate hedging instruments	-	5,797,686	-	5,797,686
Total assets	-	5,797,686	511,400,000	517,197,686

Consolidated - 30 June 2022	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Investment properties at fair value	-	-	472,250,000	472,250,000
Interest rate cap hedging instruments	-	2,880,094	-	2,880,094
Total assets	-	2,880,094	472,250,000	475,130,094

There were no transfers between levels during the 2023 financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The basis of the valuation of investment properties is fair value. The scheme documents of each trust require investment properties to be independently valued at least once every three years or more frequently if required by a lender or where the directors believe there has been a material change in value. In the intervening periods, the property valuations may be revised according to the Responsible Entity's assessment of the property market.

In accordance with the Responsible Entity's valuation policy, independent valuations of the Preston, Warragul, Launceston, Melton, Lake Haven and Eastgardens properties were obtained as at 30 June 2023. These valuations were provided by independent valuers, each being a member of the Australian Property Institute and having adequate experience in the location and category of the respective investment property being valued. The balance of the NPR portfolio was assessed by internal directors' valuations as at 30 June 2023.

Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Any changes in estimates impacts the carrying value of investment property and the fair value adjustment recognised in profit or loss.

For details of the effect of the recurring remeasurements of investment properties on profit or loss or other comprehensive income for the period, and movement in carrying values for the reporting period, refer to note 13.

Level 3 assets and liabilities - inputs and sensitivities
The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	**Unobservable inputs**	**Range 30 Jun 2023**	**Range 30 Jun 2022**
Investment property	(i) Capitalisation rate	4.50% to 6.50%	4.00% to 6.25%
	(ii) Discount rate	5.50% to 7.25%	5.25% to 6.75%
	(iii) Terminal yield	4.75% to 6.75%	4.25% to 6.50%
	(iv) Rental growth	2.50% to 3.00%	1.82% to 2.51%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant).

Note 21. Fair value measurement (continued)

Sensitivity to changes in capitalisation rate
The sensitivity of property valuations (i.e. increase/(decrease) in fair value) to reasonably possible changes in capitalisation and discount rates is as follows:

		30 Jun 2023 $	30 Jun 2022 $
Capitalisation rate movement - increase/(decrease)			
	minus 50 bps	50,827,131	56,260,270
	minus 25 bps	22,190,378	26,509,720
	plus 25 bps	(27,497,867)	(23,779,950)
	plus 50 bps	(49,040,953)	(45,237,650)

A discount rate decrease of 25 bps and 50 bps would increase the discounted cashflow valuation by 2.67% and 4.34% respectively, and an increase of 25 bps and 50bps in discount rate would decrease the discounted cashflow valuation by 1.19% and 2.80% respectively.

Note 22. Key management personnel disclosures

Compensation

Remuneration of the directors of the Responsible Entity is paid by the Responsible Entity and its related parties. The directors are not provided with any remuneration by the schemes themselves. Directors are not entitled to any equity interests in the schemes, or any rights to, or options for, equity interests in the schemes as a result of the remuneration provided by the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to the directors of the Responsible Entity and the fees paid by the schemes to the Responsible Entity in accordance with the Scheme Constitution and Product Disclosure Statement. The schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Refer to note 26 on further information on related party information.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by SW Audit, the auditor of the stapled group:

	Consolidated	
	30 Jun 2023 **$**	**30 Jun 2022** **$**
Audit services - SW Audit		
	117,250	80,000
Audit or review of the financial statements	23,500	10,500
Other assurance services	140,750	90,500
Other services - SW Accountants & Advisors Pty Ltd		
Taxation services	48,160	14,685
	188,910	105,185

Note 24. Contingent liabilities

As at the date of the Financial Report, NPR has no contingent liabilities.

Note 25. Commitments

On 5 July 2022, NPR made a partial advance payment of $15.0 million relating to the acquisition of the Preston property. Following Bunnings Preston opening on 28 June 2023, NPR settled the Preston property by making final payments totalling $53.5 million on 8 August 2023. It was funded by NPR's debt facility. The property is situated on 2ha of land, approximately 10km north of Melbourne CBD and has a 12-year lease to Bunnings Group and total lettable area of 18,612 sqm.

Note 25. Commitments (continued)

On 8 July 2022, NPR announced the conditional acquisition of the Underwood property, a high-quality LFR property in metropolitan Brisbane, Queensland for $57.0 million. On 23 August 2022 a fire occurred at the property causing material damage to one of the property's buildings (Building 4). On 19 December 2022, NPR announced that it had agreed with the vendor (Clarence Property) to vary the terms of the original contract, including a reduction in the purchase price to $56.0 million. Additionally, settlement of the property was revised to 21 December 2022 with NPR making a partial payment of $46.0 million on settlement, funded from NPR's debt facility. The remaining $10.0 million is due and payable upon certain milestones being reached, including reinstatement of Building 4, commencement of trading by affected tenants and rectification of defects. The Vendor has provided a rent guarantee over the gross passing rent derived from tenants within the building that was damaged by the fire, from settlement through to completion of building works and re-commencement of rent.

On 17 February 2023, NPR entered into an agreement with Bunnings Group to contribute up to $2.6 million to fund capital works at the Warragul Property. NPR's capital contribution is due to be paid at practical completion of the works (which is anticipated to be in September 2023). The rent for the Warragul Property will increase by 6.25% of the amount contributed.

Note 26. Related party information

Parent entity
Newmark Hardware Trust is the parent entity.

Responsible entity

Newmark Property REIT is managed by Newmark REIT Management Limited ('NRML' or 'Responsible Entity') as Responsible Entity. The Responsible Entity is entitled to charge a management fee equal to 0.60% per annum of Newmark Property REIT's Gross Asset Value ('GAV') (before GST). However, the Responsible Entity has determined that it will not charge a management fee in respect of Newmark Property REIT for so long as the Investment Manager charges an investment management fee equal to 0.60% per annum of GAV (before GST) under the Investment Management Agreement in respect of Newmark Property REIT.

In addition, subject to the Corporations Act, the Responsible Entity is entitled to be paid and reimbursed for all administration costs, charges, expenses and outgoings incurred in the proper performance of its duties, as and when incurred. It also has a right to be fully indemnified in respect of all expenses, liabilities, costs and any other matters in connection with the trusts and against all actions, proceedings, costs, claims and demands brought against the Responsible Entity in its capacity as trustee of the trusts, with limited exceptions.

Newmark Property Group Pty Ltd
Newmark Property Group Pty Ltd ('Newmark Group') and its related entities (being entities associated with directors, shareholders or other related parties, including its controlled entities comprising Newmark REIT Management Limited, Newmark Property Funds Management Pty Ltd ('investment manager'), Newmark Operations Pty Ltd and Newmark Asset Management Pty Ltd ('property manager')) own 18.58% of the stapled securities of Newmark Property REIT.

Investment Manager
A member of the Newmark Group, Newmark Property Funds Management Pty Ltd, has been appointed to provide investment management services to Newmark Property REIT in accordance with the investment strategy of Newmark Property REIT, which includes, among other matters, providing strategic management, arranging debt and equity and managing the assets (excluding property management services) of Newmark Property REIT ('Investment Management Services').

The Investment Manager is entitled to the following fees:
- (investment management fee) 0.60% of GAV per annum (before GST) for the provision of Investment Management Services which is payable monthly by the Responsible Entity out of the assets of Newmark Property REIT. If the Investment Manager does not charge a fee in any given month, the Responsible Entity is able to charge Newmark Property REIT.
- (acquisition fee) 1.00% of the purchase price (excluding acquisition costs) of any assets acquired by Newmark Property REIT (directly or indirectly) or any controlled sub-trust following completion of such acquisition.
- (finance facility fee) 0.20% of the amount of debt finance arranged by the Investment Manager for NHT, which is payable upon entering into the relevant finance facility.

The Investment Manager is also entitled to such fees and reimbursements for reasonable expenses incurred as agreed in writing between the Investment Manager and the Responsible Entity relating to the provision of Investment Management Services.

Note 26. Related party information (continued)

Property Manager
A member of the Newmark Group, Newmark Asset Management Pty Ltd, has been appointed by the Responsible Entity to act as the property manager of Newmark Property REIT under the Property Management Agreement. The Property Manager, with the prior written consent of the Responsible Entity, may sub-contract any or all of the Property Management Services, however in doing so, will retain all rights and liabilities in respect of those services under the Property Management Agreement. The Property Manager is responsible for matters including providing property management services, property accounting services, facilities management services, leasing and lease administration services, sales agency services and project management services to Newmark Property REIT ('Property Management Services').

The Property Manager is entitled to the following fees:

- (Property Management Fee): Up to 1.5% of annual gross income for the current portfolio, and up to 3% of annual gross income for any properties acquired after the date of the Property Management Agreement, or such lesser amount as agreed under the Property Management Agreement;
- (New Lease Fee): 15% of the gross rental income for the first year of the lease term where the tenant is a new tenant, or if the lease term is for a period of less than a year, then that lesser period;
- (Lease Renewal Fee): 7.5% of gross rental income for the first year of the lease term with an existing tenant (including renewals), or if the lease term is for a period of less than a year, then that lesser period;
- (Market Review Fee): At market rates determined as a percentage of the increase in gross rental income payable between the year before the rent review date and the year after;
- (Lease Administration Fees): By reference to market rates, subject to a market review on each anniversary of the commencement of the Property Management Agreement;
- (Project Management Fee): Up to 5% of the value of any works (as determined by a quantity surveyor) undertaken;
- (Development Services Fee): 4% of project costs; and
- (Sales Agent Fees): At market rates if the Property Manager acts as a sale agent in respect of a property.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Payment for services:		
The following payments were made to Newmark REIT Management Ltd as Responsible Entity		
- Management fees	3,133,514	859,196
- Compliance fees	168,500	-
	3,302,014	859,196
The following payments were made to Newmark Operations Pty Ltd		
- Investor relation fees	31,500	-
- Legal fees	101,250	-
	132,750	-
The following payments were made to Newmark Property Funds Management Pty Ltd as Investment Manager		
- Investment management fee	-	1,601,951
- Acquisition fees	610,000	653,805
- Finance facility fee	120,000	338,933
- Reimbursed expenses	317,678	120,724
	1,047,678	2,715,413
The following payments were made to Newmark Asset Management Pty Ltd as Property Manager		
- Property management fee	247,028	-
	247,028	-

Note 26. Related party information (continued)

Directors' fees
Total directors' fees paid by the Responsible Entity during the current year was $365,000 (2022: $330,000).

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Director security holdings
The stapled securities held by directors in the stapled group at the end of the financial period are as follows:

Director	Stapled securities held
Christopher Langford	48,729
Michael Doble	56,513
Andrew Erikson	50,000
Melinda Snowden	15,000
Mark Allan	27,323
	197,565

Terms and conditions
All related party transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Profit/(loss)	(11,439,112)	48,864,233
Total comprehensive income	(11,439,112)	48,864,233

Statement of financial position

	Parent	
	30 Jun 2023	**30 Jun 2022**
	$	**$**
Total current assets	10,766,176	6,609,239
Total assets	473,138,883	414,871,809
Total current liabilities	18,413,656	5,762,454
Total liabilities	204,367,610	116,750,292
Net assets	268,771,273	298,121,517
Equity		
Issued capital	219,712,673	224,119,254
Retained earnings	49,058,600	74,002,263
Total Equity	268,771,273	298,121,517

Note 27. Parent entity (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 (30 June 2022: Nil).

Capital commitments

On 5 July 2022, NPR made a partial advance payment of $15.0 million relating to the acquisition of the Preston property. Following Bunnings Preston opening on 28 June 2023, NPR settled the Preston property by making final payments totalling $53.5 million on 8 August 2023. It was funded by NPR's debt facility. The property is situated on 2ha of land, approximately 10km north of Melbourne CBD and has a 12-year lease to Bunnings Group and total lettable area of 18,612 sqm.

On 8 July 2022, NPR announced the conditional acquisition of the Underwood property, a high-quality LFR property in metropolitan Brisbane, Queensland for $57.0 million. On 23 August 2022 a fire occurred at the property causing material damage to one of the property's buildings (Building 4). On 19 December 2022, NPR announced that it had agreed with the vendor (Clarence Property) to vary the terms of the original contract, including a reduction in the purchase price to $56.0 million. Additionally, settlement of the property was revised to 21 December 2022 with NPR making a partial payment of $46.0 million on settlement, funded from NPR's debt facility. The remaining $10.0 million is due and payable upon certain milestones being reached, including reinstatement of Building 4, commencement of trading by affected tenants and rectification of defects. The Vendor has provided a rent guarantee over the gross passing rent derived from tenants within the building that was damaged by the fire, from settlement through to completion of building works and re-commencement of rent.

At the date of this report, the parent entity has undrawn debt capacity of $14.8 million post Preston settlement. NPR has several available options at its disposal and may fund the remaining capital commitments by increasing the parent entity's debt capacity, raising new equity and/or selling assets.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the stapled group, as disclosed in note 3.

Note 28. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**30 Jun 2023 %**	**30 Jun 2022 %**
Newmark Hardware Property Trust No. 2	Australia	100.00%	100.00%
Newmark Hardware Property Trust No. 3	Australia	100.00%	100.00%
Newmark Capital (Chadstone) Property Trust (stapled entity)[1]	Australia	-	-

1. The consolidated financial statements of the current year incorporate the financial information of Newmark Capital (Chadstone) Property Trust (NCP). NCP is treated as a controlled entity for accounting purposes. The entire issued capital of NCP is presented as non-controlling interests in the consolidated financial statements of NPR as at 30 June 2023. NHT does not have any direct ownership interest in NCP.

Note 29. Reconciliation of profit to net cash from operating activities

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Profit/(loss) for the year	(8,873,809)	51,849,823
Adjustments for:		
Amortisation	714,641	744,537
Remeasurement to fair value of derivatives	(421,993)	(2,880,094)
Net fair value remeasurement of investment properties	21,949,898	(38,083,612)
Straight line rental adjustment	17,168	(486,236)
Interest received	(1,290,425)	(661,405)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	364,718	404,562
Decrease/(increase) in other assets	178,313	(984,934)
Increase/(decrease) in trade and other payables	69,874	(293,344)
Increase/(decrease) in revenue received in advance	178,742	(289,122)
Net cash from operating activities	12,887,127	9,320,175

Note 30. Changes in liabilities arising from financing activities

Consolidated	Bank loans $
Balance at 1 July 2021	164,450,000
Net cash used in financing activities	(102,569,668)
Drawdown	27,850,000
Changes through business combinations	41,000,000
Balance at 30 June 2022	130,730,332
Drawdown	76,000,000
Balance at 30 June 2023	206,730,332

Note 31. Earnings per security

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Profit/(loss)	(8,873,809)	51,849,823
Non-controlling interest	(2,565,303)	(2,985,590)
Profit/(loss) attributable to the owners of Newmark Property REIT	(11,439,112)	48,864,233
	Number	Number
Weighted average number of stapled securities (30 Jun 2022: ordinary units) used in calculating basic earnings per stapled security (30 Jun 2022: per ordinary unit)	180,292,738	190,322,793
Weighted average number of stapled securities (30 June 2022: ordinary units) used in calculating diluted earnings per stapled security (30 Jun 2022: per ordinary unit)	180,292,738	190,322,793
	Cents	Cents
Earnings per stapled security on profit/(loss) attributable to security holders of the Trust (parent entity)		
Basic earnings per stapled security	(6.34)	25.67
Diluted earnings per stapled security	(6.34)	25.67

Note 32. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the stapled group's operations, the results of those operations, or the stapled group's state of affairs in future financial years.

Following Bunnings Preston opening on 28 June 2023, NPR settled the Preston property by making final payments totalling $53.5 million on 8 August 2023. It was funded by NPR’s debt facility. The property is situated on 2ha of land, approximately 10km north of Melbourne CBD and has a 12-year lease to Bunnings Group and total lettable area of 18,612 sqm.

Newmark

Newmark Capital (Chadstone) Property Trust

(ARSN 648 280 219)

Annual Report – Financial year ended 30 June 2023

Newmark Capital (Chadstone) Property Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	30 Jun 2023	30 Jun 2022
Revenue and other income	5	6,462,102	6,090,999
Net fair value remeasurement of investment properties	9	(603,406)	611,045
Expenses			
Custodian fees		(26,536)	(36,689)
Transaction costs		(486,990)	(260,196)
Legal and professional fees		(124,781)	(143,156)
Management fees		(493,657)	(483,620)
Borrowing costs amortisation		-	(67,097)
Property expenses		(1,200,430)	(1,255,103)
Registry fees		(9,155)	(29,259)
Other expenses		(116,786)	(578,805)
Finance costs		(835,058)	(525,098)
Profit for the year attributable to the unitholders of Newmark Capital (Chadstone) Property Trust		2,565,303	3,323,021
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the unitholders of Newmark Capital (Chadstone) Property Trust		2,565,303	3,323,021

		Cents	Cents
Basic earnings per share	24	1.42	2.96
Diluted earnings per share	24	1.42	2.96

Newmark Capital (Chadstone) Property Trust
Statement of financial position
As at 30 June 2023

	Note	30 Jun 2023 $	30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents		573,949	939,389
Trade and other receivables	6	20,047	4,779
Other assets	7	210,236	277,531
Non-current assets classified as held for sale	8	82,000,000	
Total current assets		82,804,232	1,221,699
Non-current assets			
Investment properties	9	-	82,000,000
Total non-current assets		-	82,000,000
Total assets		82,804,232	83,221,699
Liabilities			
Current liabilities			
Trade and other payables	10	1,348,973	1,727,798
Borrowings	11	19,512,407	18,118,771
Distributions payable	12	614,545	795,693
Revenue received in advance		258,957	300,955
Total current liabilities		21,734,882	20,943,217
Total liabilities		21,734,882	20,943,217
Net assets		61,069,350	62,278,482
Equity			
Issued capital	13	48,597,866	49,518,398
Retained earnings		12,471,484	12,760,084
Total Equity		61,069,350	62,278,482

Newmark Capital (Chadstone) Property Trust
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021	26,100,395	12,558,392	38,658,787
Profit for the year	-	3,323,021	3,323,021
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,323,021	3,323,021
Transactions with unitholders in their capacity as unitholders:			
Contributions of equity, net of transaction costs	23,418,003	-	23,418,003
Distributions declared (note 14)	-	(3,121,329)	(3,121,329)
Balance at 30 June 2022	49,518,398	12,760,084	62,278,482

Consolidated	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022	49,518,398	12,760,084	62,278,482
Profit for the year	-	2,565,303	2,565,303
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,565,303	2,565,303
Transactions with unitholders in their capacity as unitholders:			
Share buybacks (note 13)	(920,532)	-	(920,532)
Distributions declared (note 14)	-	(2,853,902)	(2,853,903)
Balance at 30 June 2023	48,597,866	12,471,484	61,069,350

Newmark Capital (Chadstone) Property Trust
Statement of cash flows
For the year ended 30 June 2023

	Note	30 Jun 2023 $	30 Jun 2022 $
Cash flows from operating activities			
Rental and outgoings received (inclusive of GST)		6,375,494	6,928,457
Payments to suppliers (inclusive of GST)		(2,624,000)	(2,253,048)
Interest received		10,977	70
Interest and other finance costs paid		(835,058)	(525,098)
Net cash from operating activities	22	2,927,413	4,150,381
Cash flows from investing activities			
Payments for capital improvements	9	(730,905)	(1,590,550)
Net cash used in investing activities		(730,905)	(1,590,550)
Cash flows from financing activities			
Proceeds from issue of units		-	23,418,003
Repayment of borrowings		-	(41,000,000)
Proceeds from borrowings		473,103	18,118,771
Distributions paid	14	(3,035,051)	(3,092,783)
Net cash from financing activities		(2,561,948)	(2,556,009)
Net increase/(decrease) in cash and cash equivalents		(365,440)	3,822
Cash and cash equivalents at the beginning of the financial year		939,389	935,567
Cash and cash equivalents at the end of the financial year		573,949	939,389

Note 1. General information

The financial statements are those of Newmark Capital (Chadstone) Property Trust as an individual entity. The financial statements are presented in Australian dollars, which is Newmark Capital (Chadstone) Property Trust's functional and presentation currency.

Newmark Capital (Chadstone) Property Trust ('the Trust') is a managed investment scheme registered in Australia. The governing body and responsible entity of the Trust is Newmark REIT Management Limited ('the Responsible Entity'). Its registered office and principal place of business are:

Level 17, 644 Chapel Street South Yarra
Victoria, 3141

A description of the nature of the Trust's operations and its principal activities are included in the Responsible Entity's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Responsible Entity, on 9 August 2023. The Responsible Entity has the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The directors of the Responsible Entity have a reasonable expectation that the Trust will be able to pay its debts as and when they become due and payable. This view is formed after the directors have considered projected cashflow information for the twelve months from the date of the financial statements and the continued profitability of the Trust and stapled group. Accordingly, the financial statements have been prepared on a going concern basis.

The Chadstone property was marketed for sale in June 2023. The marketing process is ongoing as at the date of this financial report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'), which is the Board of Directors of the Responsible Entity. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Trust recognises revenue as follows:

Rental income
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Recoverable outgoings
Recoverable outgoings represents direct and indirect actual costs incurred by the Trust that are recovered from the tenant in accordance with the terms of the related leases on an accrual basis and billed monthly in arrears. The outgoings recoverable are recognised as income as the costs are incurred by the Trust which corresponds to the period that the underlying services are provided by the service provider to the property.

Other property income
Other property income is recognised where the right to receive the revenue has been established which is as and when a service is provided or a good has been delivered.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The Trust is not subject to income tax as all unitholders become presently entitled to taxable income of the financial year. The Trust is required to distribute its income to unitholders through cash distributions. Distributable income is determined by reference to the taxable income of the Trust.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Trust has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Non-current assets classified as held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Non-current assets classified as held for sale is measured at fair value.

Non-current assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position. Non-current assets held for sale are classified as current assets.

Note 2. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Trust recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Trust's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Trust. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Investment properties also include properties under construction for future use as investment properties. These are carried at cost less accumulated impairment where construction is incomplete.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Trust prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial amount of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Provisions
Provisions are recognised when the Trust has a present (legal or constructive) obligation as a result of a past event, it is probable the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement
When a financial or non-financial asset or liability is measured at fair value for recognition or disclosure purposes, the fair value is based on, as applicable, the price that would be received to sell the asset or the price paid to transfer the liability in an orderly transaction between market participants at the measurement date and on the assumption that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market available.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Deferred consideration measured at fair value with subsequent changes in fair value capitalised into the value of investment property.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds. The units of the trust are stapled to those of Newmark Hardware Trust and are listed on the Australian Securities Exchange as Newmark Property REIT staples securities (ASX: NPR).

Distributions
Distributions are recognised when declared during the financial year and no longer at the discretion of the Trust.

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the financial year but not distributed at the reporting date.

Earnings per unit
Basic earnings per unit
Basic earnings per unit is calculated by dividing the profit attributable to the unitholders of Newmark Capital (Chadstone) Property Trust, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted earnings per unit
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New and amended Accounting Policies not yet adopted by the Trust

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the trust for the annual reporting period ended 30 June 2023. The trust has not yet conducted a full assessment of the impact of these new or amended Accounting Standards and Interpretations, however, based on the current operations of the trust, preliminary analysis indicates that no standard will have a material impact on the financial statements. The standards that may have some relevance are as follows:

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
The Trust plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
The Trust plans on adopting the amendment for the reporting period ending 30 June 2024.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
The Trust plans on adopting the amendment for the reporting period ending 30 June 2024.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
The Trust plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
The Trust plans on adopting the amendments for the reporting period ending 30 June 2024.

Comparatives

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements. There were no changes to the comparative figures in the current reporting period.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Investment property valuation
Investment properties are measured at fair value. Fair values have been determined in accordance with the fair value measurement hierarchy. The fair value assessment of investment property as at 30 June 2023 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance.

Refer to note 15 for the details of key assumptions and inputs in measuring fair value.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy
The Trust is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 4. Operating segments

Identification of reportable operating segments
The business of the Trust is the ownership and management of the single investment property constituting the Chadstone Homeplus Homemaker Centre in Chadstone, Victoria. This property represents a high-quality large format retail ('LFR') commercial property that is tenanted by various businesses including Bunnings.

The Trust represents a single operating segment based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The operating segment information is therefore the same information as disclosed in these financial statements and is therefore not duplicated as a separate segment note.

The CODM reviews Funds from Operations ('FFO') on a monthly basis, being cash flows generated by the operations of the trust. This is derived as Net Income with non-cash items and financing related cash flows added back. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Intersegment transactions
There were no intersegment operating transactions made during the year.

Major customers
During the year ended 30 June 2023, external rental income generated was derived from the following tenants: Bunnings 42% (30 June 2022: 39%); E&S Trading 13% (30 June 2022: 12%); The Good Guys 10% (30 June 2022: 11%).

Note 5. Revenue

	30 Jun 2023 $	30 Jun 2022 $
Revenue and other income		
Rental income	5,990,555	5,675,416
Straight line rental adjustment	(127,499)	(201,595)
Recoverable outgoings	524,814	544,630
Interest income	10,977	70
Other income	63,255	72,478
Revenue and other income	6,462,102	6,090,999

Note 6. Trade and other receivables

	30 Jun 2023 $	30 Jun 2022 $
Current assets		
Trade receivables	20,047	9,985
Less: Allowance for expected credit losses	-	(5,206)
	20,047	4,779
	20,047	4,779

Note 6. Trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	30 Jun 2023 $	30 Jun 2022 $
Opening balance	5,206	-
Additions provision recognised	-	17,217
Unused amounts reversed	(5,206)	(12,011)
	-	5,206

Note 7. Other assets

	30 Jun 2023 $	30 Jun 2022 $
Current assets		
Accrued revenue	17,670	-
Prepayments	192,567	277,531
	210,236	277,531

Note 8. Non-current assets classified as held for sale

	30 Jun 2023 $	30 Jun 2022 $
Current assets		
Non-current assets classified as held for sale	82,000,000	-

The Chadstone property was marketed for sale in June 2023. The marketing process is ongoing as at the date of this financial report.

Note 9. Investment properties

	30 Jun 2023 $	30 Jun 2022 $
Non-current assets		
Investment properties - at independent valuation	-	82,000,000

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	30 Jun 2023 $	30 Jun 2022 $
Opening fair value	82,000,000	80,000,000
Other transaction and leasing costs	730,905	1,590,550
Straight line rental adjustments	(127,499)	(201,595)
Revaluation increments/(decrements)	(603,406)	611,045
Transfer to non-current assets classified as held for sale (note 8)	(82,000,000)	-
Closing balance	-	82,000,000

Valuations of investment properties
The directors will assess the value of the property as at each financial reporting date. The basis of the valuation of investment property is fair value. The scheme documents of NCP require its investment property to be independently valued at least once every three years or more frequently if required by a lender or where the directors believe there has been a material change in value. The directors currently intend to have the property independently valued on a rolling cycle once every 18 months.

Note 9. Investment properties (continued)

A valuation of the Chadstone Homeplus Homemaker Centre was obtained on 30 June 2022 from an independent valuer, being a member of the Australian Property Institute and having adequate experience in the location and category of investment property being valued. At 30 June 2023, an internal directors valuation was adopted.

For further information on valuations, refer to note 16.

Lease payments receivable

	30 Jun 2023 $	30 Jun 2022 $
Minimum undiscounted lease payments receivable but not recognised in the financial statements:		
Year 1	6,260,400	4,776,489
Year 2	6,038,085	4,912,402
Year 3	5,029,783	4,694,340
Year 4	2,603,362	4,566,256
Year 5	1,685,125	2,555,207
Over 5 years	6,474,963	7,822,474
	28,091,718	29,327,168

Note 10. Trade and other payables

	30 Jun 2023 $	30 Jun 2022 $
Current liabilities		
Trade payables	1,086,048	805,228
BAS payable	78,611	79,690
Sundry creditors and accruals	184,314	842,880
	1,348,973	1,727,798

Refer to note 15 for further information on financial risk management.

Note 11. Borrowings

	30 Jun 2023 $	30 Jun 2022 $
Current liabilities		
Loan - Newmark Hardware Trust	19,512,407	18,118,771
	19,512,407	18,118,771

Borrowings from Newmark Hardware Trust at reporting date are unsecured.

Assets pledged as security
Upon stapling and IPO, the assets of the Trust have been provided as security for borrowings drawn by Newmark Hardware Trust.

Note 11. Borrowings (continued)

The carrying amounts of assets pledged as security for borrowings are:

	30 Jun 2023 $	30 Jun 2022 $
Non-current assets classified as held for sale (note 8)	82,000,000	-
Investment properties (note 9)	-	82,000,000
	82,000,000	82,000,000

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	30 Jun 2023 $	30 Jun 2022 $
Total facilities		
Newmark Hardware Trust	19,512,407	18,118,771
	19,512,407	18,118,771
Used at the reporting date		
Newmark Hardware Trust	19,512,407	18,118,771
	19,512,407	18,118,771
Unused at the reporting date		
Newmark Hardware Trust	-	-
	-	-

Note 12. Distribution payable

	30 Jun 2023 $	30 Jun 2022 $
Current liabilities		
Distributions	614,545	795,693

Distributions
The provision represents distributions declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the financial year but not distributed at the reporting date.

30 Jun 2023	Distribution payable $
Carrying amount at the start of the year	795,693
Distribution declared for the year	2,853,903
Distribution paid for the year	(3,035,051)
Carrying amount at the end of the year	614,545

Note 13. Issued capital

	30 Jun 2023 Units	30 Jun 2022 Units	30 Jun 2023 $	30 Jun 2022 $
Stapled securities - fully paid	177,819,763	181,648,297	48,597,866	49,518,398
	177,819,763	181,648,297	48,597,866	49,518,398

Movements in ordinary unit capital

Details	Date	Units	$
Balance	1 July 2022	181,648,297	49,518,398
Share buybacks	16 August 2022 – 30 June 2023	(3,828,534)	(920,532)
Balance	30 June 2023	177,819,763	48,597,866

Ordinary units
Ordinary units entitle the holder to participate in distributions and the proceeds on the winding up of the Trust in proportion to the number of and amounts paid on the units held. The fully paid ordinary units have no par value and the Trust does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

The units of the Trust are stapled to those of Newmark Hardware Trust and are listed on the Australian Securities Exchange as Newmark Property REIT stapled securities (ASX: NPR).

On-market buy-back
Newmark Property REIT commenced an on-market buy-back of stapled securities on 16 August 2022. As at 30 June 2023, Newmark Capital (Chadstone) Property Trust had bought back 3,828,534 units for total consideration of $920,533.

Capital risk management
The Trust's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for stapled security holders and to maintain an optimum capital structure.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The Trust would look to raise capital when an opportunity to invest in a business or company was seen as value adding to the NPR stapled group at the time of the investment. The Trust as a separate entity is not actively pursuing additional investments in the short term.

There have been no events of default on the financing arrangements during the financial year. The capital risk management policy remains unchanged from the 2022 Annual Report.

Note 14. Distributions

Distributions declared and/or paid during the financial year were as follows:

	30 Jun 2023		30 Jun 2022	
	CPU	$	CPU	$
Distribution paid for the period 1 July 2021 to 30 September 2021			2.50	732,489
Distribution paid for the period 1 October 2021 to 7 December 2021			1.83	543,510
Distribution paid for the period 8 December 2021 to 31 December 2021			0.13	232,219
Distribution paid for the period 1 January 2022 to 31 March 2022			0.45	817,418
Distribution paid for the period 1 April 2022 to 30 June 2022			0.46	795,693
Distribution paid for the period 1 July 2022 to 30 September 2022	0.432	839,733		
Distribution paid for the period 1 October 2022 to 31 December 2022	0.432	778,916		
Distribution paid for the period 1 January 2023 to 31 March 2023	0.346	620,709		
Distribution declared for the period 1 April 2023 to 30 June 2023	0.346	614,545		
	1.556	2,853,902	5.37	3,121,329

The total distributions paid during the year ended 30 June 2023 was $3,035,051. (Total distribution paid include distribution paid on 11 August 2022 for the period 1 April 2022 to 30 June 2022 $795,693; distribution paid on 11 November 2022 for the period 1 July 2022 to 30 September 2022 $839,733; distribution paid on 10 February 2023 for the period 1 October 2022 to 31 December 2022 $778,916; and distribution paid on 12 May 2023 for the period 1 January 2023 to 31 March 2023 $620,709.

Note 15. Financial risk management

Risk objectives
The Trust's activities expose it to financial risks associated with financial instruments: market risk (primarily interest rate risk), credit risk (associated with trade and other receivables) and liquidity risk. The Trust's overall risk management program is governed by the Responsible Entity and focuses primarily on the ability to service debt and pay debts as and when they become due and payable. The Responsible Entity seeks to minimise potential adverse effects on the financial performance of the Trust.

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of the Responsible Entity ('the Board'). These policies include identification and analysis of the risk exposure of the Trust and appropriate procedures, controls and risk limits. Finance executives identify, evaluate and, where considered necessary, hedge financial risks of the Trust. Finance executives report to the Board on a monthly basis.

Market risk

Foreign currency risk
The Trust does not undertake transactions denominated in foreign currency and is therefore not exposed to foreign currency risk arising through foreign exchange rate fluctuations.

Price risk
The Trust is not exposed to any significant price risk associated with financial instruments.

Interest rate risk and sensitivity
The Trust's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Trust to interest rate risk. Borrowings obtained at fixed rates expose the Trust to fair value interest rate risk.

Interest rate fluctuations may also impact the income and resale value of investment property which is the Trust's main asset. The Trust's exposure to interest rate risk as it relates to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

The following information is applicable to the Trust's borrowings outstanding at the end of the financial year:

Note 15. Financial risk management (continued)

Year ended 30 June 2023

Lender: Newmark Hardware Trust
Amount outstanding at reporting date: $19,512,407
Nature of loan: Principal and interest payment loan
Net profit/loss sensitivity: An official increase/(decrease) in interest rates of 100 basis points as at reporting date would have an adverse/favourable effect on profit before tax of +/- $195,124.

Lender: Newmark Hardware Trust (operating loan)
Amount outstanding at reporting date: $672,930
Nature of loan: Principal and interest free loan
Net profit/loss sensitivity: n/a.

Year ended 30 June 2022

Lender: Newmark Hardware Trust
Amount outstanding at reporting date: $18,118,771
Nature of loan: Principal and interest payment loan
Net profit/loss sensitivity: An official increase/(decrease) in interest rates of 100 basis points as at reporting date would have an adverse/favourable effect on profit before tax of +/- $181,260.

Lender: Newmark Hardware Trust (operating loan)
Amount outstanding at reporting date: $672,930
Nature of loan: Principal and interest free loan
Net profit/loss sensitivity: n/a.

The basis point changes above used in the sensitivity are based on the expected volatility of interest rates using market data and analysts forecasts at each reporting date.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust. The Trust has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Trust obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Trust does not hold any collateral.

The Trust has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all tenants of the Trust based on recent tenancies experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses
The Trust has recognised a gain of $5,206 (30 June 2022: gain of $12,011) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Vigilant liquidity risk management requires the Trust to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Trust manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows.

Financing arrangements
Unused borrowing facilities at the reporting date are as disclosed in note 11.

Note 15. Financial risk management (continued)

The Trust has entered into a borrowing arrangement with its parent entity, Newmark Hardware Trust, that provides the Trust with sufficient liquidity for its operations. The terms of the loan are as follows:

Facility limit: $19,512,407
Interest rate: At market rates based on the syndicated loan
Repayment terms: Repayment on demand
Maturity: No maturity date, repayable on demand.

Remaining contractual maturities
The following tables detail the Trust's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,348,973	-	-	-	1,348,973
Interest-bearing - variable						
Newmark Hardware Trust	3.01%	19,512,407	-	-	-	19,512,407
Total non-derivatives		20,861,380				20,861,380

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,727,798	-	-	-	1,727,798
Interest-bearing - variable						
Bank loans	0.78%	18,118,771	-	-	-	18,118,771
Total non-derivatives		19,846,569	-	-	-	19,846,569

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Fair value measurement

Fair value hierarchy

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Note 16. Fair value measurement (continued)

30 Jun 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Non-current assets classified as held for sale	-	-	82,000,000	82,000,000
Total assets	-	-	82,000,000	82,000,000

30 Jun 2022	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Investment properties at fair value	-	-	82,000,000	82,000,000
Total assets	-	-	82,000,000	82,000,000

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
A valuation of the Chadstone Homeplus Homemaker Centre was obtained on 30 June 2022 from an independent valuer, being a member of the Australian Property Institute and having adequate experience in the location and category of investment property being valued. An internal directors' valuation was adopted as at 30 June 2023, resulting in no change to the book value of the property.

The basis of the valuation of investment properties is fair value. The scheme documents of the Trust require investment properties to be independently valued at least once every three years or more frequently if required by a lender or where the directors believe there has been a material change in value. In the intervening periods, the property valuations may be revised according to the Responsible Entity's assessment of the property market.

Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Any changes in estimates impacts the carrying value of investment property and the fair value adjustment recognised in profit or loss.

For details of the effect of the recurring remeasurements of investment properties on profit or loss and other comprehensive income for the period, and movement in carrying values for the reporting period, refer to note 8.

Level 3 assets and liabilities
The unobservable inputs and sensitivities relating to the valuation of level 3 assets and liabilities are as follows:

Description	**Unobservable inputs**	**Jun 2023**	**Jun 2022**
Investment property	(i) Capitalisation rate	6.50%	6.25%
	(ii) Discount rate	7.25%	6.75%
	(iii) Terminal yield	6.75%	6.50%
	(iv) Rental growth	3.00%	2.51%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant).

Note 16. Fair value measurement (continued)

Sensitivity to changes in capitalisation rate
The sensitivity of property valuations (i.e. increase/(decrease) in fair value) to reasonably possible changes in capitalisation rates is as follows:

		30 Jun 2023 $	30 Jun 2022 $
Capitalisation rate movement - increase/(decrease)			
	minus 50 bps	6,823,492	8,833,333
	minus 25 bps	3,260,352	5,280,000
	plus 25 bps	(3,073,909)	(1,037,037)
	plus 50 bps	(5,901,605)	(3,857,143)

A discount rate decrease of 25 bps and 50 bps would increase the discounted cashflow valuation by 2.24% and 4.10% respectively, and an increase of 25 bps and 50bps in discount rate would decrease the discounted cashflow valuation by 1.34% and 3.06% respectively.

Note 17. Key management personnel disclosures

Responsible Entity
The following persons were key management personnel ('KMP') of the Responsible Entity of Newmark Capital (Chadstone) Property Trust during the financial year:

Michael Doble	Chairperson and Independent Non-Executive Director
Melinda Snowden	Independent Non-Executive Director
Andrew Erikson	Independent Non-Executive Director
Christopher Langford	Managing Director
Mark Allan	Non-Executive Director
Peter Hulbert	Company Secretary

Remuneration of KMP is paid directly by the Responsible Entity and its related parties. KMP are not provided with any remuneration by the Trust itself and are not entitled to any equity interests, or options over equity interests, in the Trust.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to the directors of the Responsible Entity and the fees paid by the Trust to the Responsible Entity in accordance with the Scheme Constitution and Product Disclosure Statement. The Trust has not made, guaranteed, or secured, directly or indirectly, any loans to KMP or their personally related entities at any time during the reporting period.

Refer to note 21 for further information on related party transactions.

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by SW Audit, the auditor of the Trust:

	30 Jun 2023 $	30 Jun 2022 $
Audit services - SW Audit		
Audit or review of the financial statements	30,250	28,500
Other assurance services	8,250	3,500
	38,500	32,000
Other services - SW Accountants & Advisors Pty Ltd		
Taxation services	13,160	31,002
	51,660	63,002

Note 19. Contingent liabilities

The Trust had no contingent liabilities as at 30 June 2023 (30 June 2022: Nil).

Note 20. Commitments

There are no commitments for expenditure as at 30 June 2023 (30 June 2022: Nil).

Note 21. Related party transactions

Parent entity
Newmark Hardware Trust is the parent entity. The units of the Newmark Capital (Chadstone) Property Trust are stapled to the units of the parent. The resultant stapled securities are listed on the Australian Securities Exchange (ASX: NPR).

Responsible entity
Newmark Capital (Chadstone) Property Trust is managed by Newmark REIT Management Limited ('NRML' or 'the Responsible Entity') as Responsible Entity. The Responsible Entity is entitled to charge a management fee equal to 0.60% per annum of Newmark Property REIT's Gross Asset Value (GAV) (before GST). However, the Responsible Entity has determined that it will not charge a management fee in respect of Newmark Property REIT for so long as the Investment Manager charges an investment management fee equal to 0.60% per annum of GAV (before GST) under the Investment Management Agreement in respect of Newmark Property REIT.

In addition, subject to the Corporations Act, the Responsible Entity is entitled to be paid and reimbursed for all administration costs, charges, expenses and outgoings incurred in the proper performance of its duties, as and when incurred. It also has a right to be fully indemnified in respect of all expenses, liabilities, costs and any other matters in connection with the Trust and against all actions, proceedings, costs, claims and demands brought against the Responsible Entity in its capacity as trustee of the Trust, with limited exceptions.

Newmark Property Group
Newmark Property Group Pty Ltd ('Newmark Group') and its related entities (being entities associated with directors, shareholders or other related parties, including its controlled entities in Newmark REIT Management Limited, Newmark Property Funds Management Pty Ltd ('investment manager'), Newmark Operations Pty Ltd and Newmark Asset Management Pty Ltd ('property manager'), owns approximately 18.58% of the capital of Newmark Property REIT.

Investment Manager
A member of the Newmark Group, Newmark Property Funds Management Pty Ltd, has been appointed to provide investment management services to Newmark Property REIT in accordance with the investment strategy of Newmark Property REIT, which includes, among other matters, providing strategic management, arranging debt and equity and managing the assets (excluding property management services) of Newmark Property REIT ('Investment Management Services').

The Investment Manager will be entitled to the following fees:

- (investment management fee) 0.60% of GAV per annum (before GST) for the provision of investment management services which will be payable monthly by the Responsible Entity out of the assets of Newmark Property REIT.
- (acquisition fee) 1.00% of the purchase price (excluding acquisition costs) of any assets acquired by Newmark Property REIT (directly or indirectly) or any controlled sub-trust following completion of such acquisition.
- (finance facility fee) 0.20% of the amount of debt finance arranged by the Investment Manager for NHT, which will be payable upon entering into the relevant finance facility.

The Investment Manager is also entitled to such fees and reimbursements for reasonable expenses incurred as agreed in writing between the Investment Manager and the Responsible Entity relating to the provision of investment management services.

Property Manager
A member of the Newmark Group, Newmark Asset Management Pty Ltd, has been appointed by the Responsible Entity to act as the property manager of Newmark Property REIT under the Property Management Agreement. The Property Manager is responsible for matters including providing property management services, property accounting services, facilities management services, leasing and lease administration services, sales agency services and project management services to Newmark Property REIT (Property Management Services).

Note 21. Related party transactions (continued)

The Property Manager will be entitled to the following fees:

- (Property Management Fee): Up to 1.5% of annual gross income for the current portfolio, and up to 3% of annual gross income for any properties acquired after the date of the Property Management Agreement, or such lesser amount as agreed under the Property Management Agreement;
- (New Lease Fee): 15% of the gross rental income for the first year of the lease term where the tenant is a new tenant, or if the lease term is for a period of less than a year, then that lesser period;
- (Lease Renewal Fee): 7.5% of gross rental income for the first year of the lease term with an existing tenant (including renewals), or if the lease term is for a period of less than a year, then that lesser period;
- (Market Review Fee): At market rates determined as a percentage of the increase in gross rental income payable between the year before the rent review date and the year after;
- (Lease Administration Fees): By reference to market rates, subject to a market review on each anniversary of the commencement of the Property Management Agreement;
- (Project Management Fee): Up to 5% of the value of any works (as determined by a quantity surveyor) undertaken;
- (Development Services Fee): 4% of project costs; and – (Sales Agent Fees): At market rates if the Property Manager acts as a sale agent in respect of a property.

Key management personnel
Disclosures relating to key management personnel are set out in note 17.

Transactions with related parties
The following transactions occurred with related parties:

	30 Jun 2023 $	**30 Jun 2022 $**
Payment for services:		
The following payments were made to Newmark REIT Management Ltd as Responsible Entity		
- Management fees	493,657	207,864
- Compliance fees	33,600	
	527,257	207,864
The following payments were made to Newmark Operations Pty Ltd		
- Investor relation fees	5,500	-
- Legal fees	41,250	-
	46,750	-
The following payments were made to Newmark Property Funds Management Pty Ltd as Investment Manager		
- Investment management fee	-	275,756
- Reimbursed expenses	94,585	31,235
	94,585	306,991
The following payments were made to Newmark Asset Management Pty Ltd as Property Manager		
- Property management fee	23,690	23,868
	23,690	23,868

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 Jun 2023 $	**30 Jun 2022 $**
Current payables:		
Loan from controlling entity (Newmark Hardware Trust) - operating (note 11)	672,930	672,930
Loan from controlling entity (Newmark Hardware Trust) - financing (note 11)	19,512,407	18,118,771

The operating balance is repayable at call/demand and bears no interest.

Note 21. Related party transactions (continued)

The Financing Loan from NHT has an applicable interest rate as determined in the syndicated facility agreement entered into by Newmark REIT Management as responsible entity for Newmark Hardware Trust. The financing balance will not be called at any time up to 12 months from the date of the signing of the Annual Report of the for the year ended 30 June 2023.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Reconciliation of profit to net cash from operating activities

	Consolidated	
	30 Jun 2023 $	30 Jun 2022 $
Profit for the year	2,565,303	3,323,021
Adjustments for:		
Depreciation and amortisation	-	67,097
Net fair value remeasurement of investment properties	603,406	(611,045)
Straight line rental adjustment	127,499	201,595
Change in operating assets and liabilities:		
Decrease in trade and other receivables	9,660	72,618
Decrease/(increase) in other operating assets	42,367	(223,891)
Increase/(decrease) in trade and other payables	(378,824)	1,036,354
Increase/(decrease) in other liabilities	(41,998)	284,632
Net cash from operating activities	2,927,413	4,150,381

Note 23. Changes in liabilities arising from financing activities

	Bank Loans $	Loan - Newmark Hardware Trust $	Total $
Balance at 1 July 2021	40,932,903		40,932,903
Net cash from/(used in) financing activities	(40,932,903)	18,118,771	(22,814,132)
Balance at 30 June 2022	-	18,118,771	18,118,771
Net cash from financing activities	-	1,393,636	1,393,636
Balance at 30 June 2023	-	19,512,407	19,512,407

Note 24. Earnings per unit

	30 Jun 2023 $	30 Jun 2022 $
Profit attributable to the unitholders of Newmark Capital (Chadstone) Property Trust	2,565,303	3,323,021
	Number	**Number**
Weighted average number of ordinary units used in calculating basic earnings per unit	180,292,738	112,264,733
Weighted average number of ordinary units used in calculating diluted earnings per unit	180,292,738	112,264,733
	Cents	**Cents**
Basic earnings per unit	1.42	2.96
Diluted earnings per unit	1.42	2.96

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Newmark Capital (Chadstone) Property Trust
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes of Newmark Property REIT (representing the registered managed investment schemes of Newmark Hardware Trust (ASRN 161 274 111) and Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)) comply with the *Corporations Act 2001*, Australian Accounting Standards which constitutes compliance with International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes of Newmark Property REIT give a true and fair view of the stapled group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- the attached financial statements and notes of Newmark Capital (Chadstone) Property Trust give a true and fair view of the scheme's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that both Newmark Property REIT and Newmark Capital (Chadstone) Property Trust will be able to pay their debts as and when they become due and payable.

The Responsible Entity has been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Responsible Entity made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Michael Doble
Chairperson

9 August 2023
Melbourne

Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE STAPLED SECURITY HOLDERS OF NEWMARK HARDWARE TRUST AND NEWMARK CAPITAL (CHADSTONE) PROPERTY TRUST

Report on the Audits of the Financial Reports

Opinion

We have audited the financial report of Newmark Property REIT, consisting of Newmark Hardware Trust as the deemed parent, its controlled entities and Newmark Capital (Chadstone) Property Trust (NCP) (the Stapled Group) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We have also audited the financial report of NCP which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements and including a summary of significant accounting policies.

We have also audited the Responsible Entity's declaration for the Stapled Group and NCP.

In our opinion, the accompanying financial reports of the Stapled Group and NCP are in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the financial positions of the Stapled Group and NCP as at 30 June 2023 and of their financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinions

We conducted our audits in accordance with Australian Auditing Standards. 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 Stapled Group and NCP in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters of the Stapled Group's Financial Report

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the Stapled Group for the year. These matters were addressed in the context of our audit of the Stapled Group's financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investment properties	
Area of focus	**How our audit addressed the area of focus**
Refer to Note 4 *Critical accounting judgements, estimates and assumptions*, Note 11 *Non-current assets classified as held for sale,* Note 13 *Investment properties* and Note 21 *Fair value measurement*	**Our audit procedures included:**
The Stapled Group's investment property portfolio comprises large format retail properties located along the eastern seaboard of Australia. The 30 June 2023 carrying value of the Stapled Group's investment property portfolio is $541,772,018 inclusive of investment property held for sale of $82,000,000. In measuring the fair value of investment properties, the investment properties are measured at fair value under Australian Accounting Standards and the valuation methodology described in Note 21 of the financial report. The same measurement principle has been applied for the investment property held for sale. Fair value measurement of investment property is subject to significant estimation uncertainty due to the use of Level 3 inputs such as capitalisation rate, net market rent, terminal yield and discount rate. Due to the inherent uncertainties associated with this estimation we have determined valuation of investment properties to be a key audit matter.	• Considering the control environment including an assessment of the level of oversight that the directors have over the financial reporting process related to investment property valuation. • Assessing the latest valuation reports, including agreeing the fair value to the accounting records and checking that the valuations have been adopted by the directors at 30 June 2023. • For investment properties where a directors' valuation was performed, assessing the reasonableness of the capitalisation rate and other key inputs against equivalent assumptions used in independent valuations prepared by valuation experts. • Comparing the tenancy schedule in the valuation reports to the tenancy schedule per the accounting records. • Assessing the appropriateness of the methodology adopted and the mathematical accuracy of the valuations. • Assessing the appropriateness of key inputs to the calculation of fair value including a comparison of key rates to market data. • Assessing the scope, competency and capability of the valuation experts engaged by the Stapled Group. • Assessing if impairment indicators exist for investment properties under development and ensuring that an impairment expense is recorded where the recoverable amount is less than the carrying amount. • Vouching material investment property additions to sales contracts and ensuring transaction costs have been suitably included in the initial measurement of the investment property. • For investment properties held for sale, assessing whether a sale is highly probable at balance date. • Assessing the investment property disclosures with a focus on the estimation uncertainty and fair value disclosures as set out in Note 21 of the financial report.

2. External borrowings and financial covenant compliance	
Area of focus	**How our audit addressed the area of focus**
Refer to Note 17 *Borrowings*	**Our audit procedures included:**
The Stapled Group entered into an amended $275,000,000 borrowing facility for three years with its financiers on 20 December 2022. The facility contains loan to value and interest cover financial covenants. The Stapled Group is reliant on external borrowings to fund its investment property portfolio. Should support be withdrawn by the financiers due to non-compliance with the facility agreement including financial covenants, then the Stapled Group's going concern may come into question. For these reasons, borrowings and financial covenant compliance are a key audit matter.	• Summarising key terms and conditions of the loan agreements. • Assessing whether the amended loan is a debt modification or extinguishment and issue of new debt. • Agreeing the closing loan balance to the bank audit certificate. • Reperforming financial covenant compliance at the end of the financial year and considering forecast covenant compliance for the period to 12 months after the date of the auditor's report. • Considering the adequacy of disclosures in respect of borrowings as set out in note 17.

Information Other than the Financial Reports and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual reports for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon.

Our opinions on the financial reports do not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Reports

The directors of the Responsible Entity are responsible for the preparation of the financial reports that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the ability of the Stapled Group and NCP to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Stapled Group and NCP or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 and 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 this financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stapled Group or NCP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- Conclude on the appropriateness of the directors of the Responsible Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Stapled Group or NCP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Stapled Group or NCP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Stapled Group to express an opinion on the financial report of the Stapled Group. We are responsible for the direction, supervision and performance of the Stapled Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the financial report of the Stapled Group of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SW

SW Audit
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 9 August 2023

Newmark Property REIT
Stapled Security Holder information
30 June 2023

The stapled security holder information set out below was applicable as at 30 June 2023.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary units		Options over ordinary units	
	Number of holders	**% of total units issued**	**Number of holders**	**% of total units issued**
1 to 1,000	68	0.02	-	-
1,001 to 5,000	100	0.19	-	-
5,001 to 10,000	287	1.21	-	-
10,001 to 100,000	1,316	23.04	-	-
100,001 and over	220	75.54	-	-
	1,991	100.00	-	-
Holding less than a marketable parcel	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Stapled securities	
Registered security holders as at 30 June 2023	**Number held**	**% of total options issued**
HSBC Custody Nominees (Australia) Limited	14,243,247	8.01
Newmark Property Group Pty Ltd	10,554,090	5.94
Charter Hall Wholesale Management Limited	9,488,797	5.34
HSBC Custody Nominees (Australia) Limited	8,035,056	4.52
Newmark Capital Investments Pty Ltd	6,776,243	3.81
Newmark Capital Limited	6,761,144	3.80
One Managed Investment Funds Ltd	3,735,300	2.10
Haya Capital Pty Ltd	3,508,733	1.97
Ronnie Capital Pty Ltd	3,340,484	1.88
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	3,045,938	1.71
BNP Paribas Noms Pty Ltd	2,827,398	1.59
Citicorp Nominees Pty Limited	2,556,226	1.44
J P Morgan Nominees Australia Pty Limited	2,353,034	1.32
Dodshall Pty Ltd	2,021,006	1.14
Jetan Pty Limited	1,850,000	1.04
Netwealth Investments Limited	1,698,079	0.95
National Nominees Limited	1,455,874	0.82
T M Berkowitz & P S Berkowitz	1,257,014	0.71
Raylou Investments Pty Ltd	1,056,971	0.59
Gold Tiger Investments Pty Ltd	925,984	0.52
	87,490,618	49.20

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

	Stapled securities	
	Number held	% of total options issued
HSBC Custody Nominees (Australia) Limited	14,243,247	8.01
Newmark Property Group Pty Ltd	10,554,090	5.94
Charter Hall Wholesale Management Limited	9,488,797	5.34

Voting rights

The voting rights attached to ordinary units are set out below:

Ordinary units

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

There are no other classes of equity securities.