



ASX RELEASE

9 August 2023

FY23 Financial Results and Outlook

Newmark Property REIT (NPR) today announces its results for the financial year ended 30 June 2023.

NPR's stated objective is to provide Stapled Securityholders with exposure to a high-quality real estate portfolio targeting consistent and growing income. For the financial year ended 30 June 2023, NPR continued to deliver regular distributions for investors – supported by strong underlying operating earnings, an efficient capital structure and a strategic acquisition that will deliver long-term income growth.

Financial performance for the period ended 30 June 2023

- NPR reported operating earnings of \$14.0m (up \$0.7m or 5.5%) against the comparative period, underpinned by like-for-like income growth of 3.4% and full period contributions from its Melton and Chadstone properties.
- A statutory net loss of \$8.9m, down \$60.7m against the comparative period, as a result of a net fair value loss of \$21.9m on investment properties (compared to a fair value gain on investment properties of \$38.1m in FY22).
- Six properties (65% by value) were independently valued as at 30 June 2023 with the remainder of the portfolio being subject to internal valuations. The impact of valuations was a net valuation decrease of -\$16.9m (3.0%), as a result of 37bps of capitalisation rate expansion (WACR up from 4.74% to 5.11%), which was partially offset by income growth.
- NPR continued to execute its interest hedging strategy, entering a 2-year interest rate swap with a notional value of \$75.0m and a commencement date of 3 July 2023. Total interest hedge instruments of \$175.0m now in effect (approx. 65% of total drawn borrowings following the settlement of Preston and Underwood).
- During the year NPR commenced an on-market security buyback and as at 30 June 2023, 3.8m securities had been acquired. During the period, the buyback end date was extended to 20 December 2023.
- Distributions declared and paid were 9.0 cents per stapled security for the period 1 July 2022 to 30 June 2023 – in line FY23 distribution guidance.
- NPR has a robust balance sheet with gearing of 36.6%¹ and Net Tangible Asset (NTA) per stapled security is \$1.85 (down 6.5%) following the fair value loss on investment properties.

¹ Gearing calculated as interest bearing liabilities less cash divided by total tangible assets less cash as at 30 June 2023.

Operational and portfolio highlights

- Whilst market sentiment has shifted, NPR's portfolio of high-quality properties continues to perform strongly, demonstrated by the portfolio's 100% occupancy and strong underlying income growth.
- The long-term fundamentals of the Large Format Retail (LFR) industry remain healthy with vacancy rates at historic lows, high barriers to entry for new supply and strong population forecasts providing the platform for sustainable long-term growth.
- Bunnings Preston opened to the community on 28 June 2023 and was settled by NPR on 8 August 2023. Bunnings Preston is a prime Melbourne metro located property on a 2ha site with total lettable area of 18,612 sqm. The property has a 12-year lease to Bunnings with fixed income growth, adding to the overall quality of the portfolio.
- Occupancy of 100%² with more than 90%³ of the portfolio occupied by leading national tenants and 72.9% of the portfolio underpinned by Wesfarmers Group³ entities.
- A strong WALE of 6.2 years³ and no near-term expiries with no leases expiring in FY24 and less than 5%³ income expiring in FY25.
- Like-for-like property income growth of 3.4% that was achieved via built in growth with a combination of fixed (84%), CPI (12%) and turnover based leases (4%).

Outlook

FY24 earnings and distribution guidance of 7.6 CPU³

Fund Manager, Ed Cruickshank said *"NPR has continued to deliver on its core objective to deliver predictable and stable distributions. Despite the prevailing external headwinds, NPR's portfolio continues to benefit from a high-quality real estate portfolio with a secure income stream and high-quality diversified tenancy mix underpinning the intrinsic value of NPR's balance sheet"*.

² By anticipated gross passing income as at 30 June 2023. Wesfarmers tenants are subsidiaries of the Wesfarmers Parent entity - predominantly Bunnings Group Limited and are not guaranteed by Wesfarmers Limited.

³ Guidance is estimated assuming an average 90-day BBSY of 4.45%, tenants comply with their existing lease obligations and is based on Newmark's assessment of current macro environment and its impact. Guidance also assumes no material unforeseen change to NPR's operating environment.

Teleconference

An investor teleconference will be held to provide an overview of the operating activities and financial results for the period ended 30 June 2023. Details of the teleconference are as follows:

Title: Newmark Property REIT FY23 Results

Date: Wednesday 9th August 2023

Time: 11:00 AEST

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

Authorised for release by the Board

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Important Notice

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