



ASX RELEASE

7 February 2024

HY24 Financial Results and Outlook

Newmark Property REIT (**NPR**) today announces its results for the half year ended 31 December 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 period ended 31 December 2023, NPR continued to deliver regular distributions for investors – supported by strong underlying operating earnings a secure income stream with no near-term expiries and strong diversified national tenancy mix.

Proposal to merge Newmark Property REIT with BWP Trust

- On 24 January 2024, NPR announced that it has entered into a BID in relation to a proposed all-scrip merger with BWP
- Under the proposed merger, BWP will offer to acquire 100% of NPR's securities via an off-market takeover offer for consideration comprising 0.40 BWP units per NPR security (**the Proposal**)
- The consideration under the Proposal represents an implied value of \$1.39 per NPR security and a 43.1% premium to NPR's last close price of \$0.97 on 23 January 2024
- The Independent Board Committee (**IBC**) of NPR provided BWP with a period of exclusive confirmatory due diligence, during which time the BID was negotiated and NPR undertook reciprocal due diligence on BWP
- The IBC unanimously recommends that NPR securityholders accept the BWP takeover offer, in the absence of a superior proposal
- The IBC believes the scrip consideration contemplated by the Proposal, which would provide the opportunity to participate in the merged group, represents a highly attractive proposition, including for the following reasons:
 - material 43.1% premium to NPR's closing price on 23 January 2024;
 - continued exposure for securityholders to a high quality and complementary portfolio, with income predominantly derived from Bunnings leases;
 - significant increase in portfolio scale, with a combined portfolio size of approximately \$3.5 billion;
 - significant increase in market capitalisation and liquidity, with a combined market capitalisation of approximately \$2.5 billion and inclusion in the S&P/ASX200 index;
 - reduction in gearing from approximately 47% to approximately 23%;
 - improved growth prospects, with an increased proportion of CPI reviews for portfolio leases; and
 - enhanced credit profile, diversification of sources of debt and improved cost of capital

- The Offer will open to all NPR securityholders on 8 February 2024
- Close of the Offer Period (unless extended or withdrawn) is 7:00pm (Sydney time) 21 March 2024

Financial performance for the period ended 31 December 2023

- NPR reported operating earnings of \$7.2m (up \$0.2m or 2.9%) against the comparative period, underpinned by like-for-like income growth of 3.9% and contributions from its Underwood property and Preston property
- A statutory net loss of \$25.0m, down \$28.4m against the comparative period, as a result of a net fair value loss of \$31.3m (compared to a fair value loss of \$3.1m in HY23)
- Four properties (47% by value) were independently valued as at 31 December 2023 with the remainder of the portfolio being subject to internal valuations. The impact of valuations was a net valuation decrease of \$23.4m (3.9%), as a result of 26bps of capitalisation rate expansion (WACR up from 5.11% to 5.37%)
- Net Tangible Asset (**NTA**) per stapled security is \$1.68 (down 9.2%)
- NPR has gearing of 46.9%¹
- Distributions declared and paid were 3.8 cents per stapled security for the period 1 July 2023 to 31 December 2023 – in line FY24 distribution guidance

Operational and portfolio highlights

- Whilst market sentiment continues to prove challenging given the significant uncertainty that remains, NPR's portfolio of high-quality properties continues to perform strongly, demonstrated by the portfolio's 100% occupancy and strong underlying income growth
- Bunnings Preston 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
- Officeworks at Underwood re-opened on 9 November 2023 following completion of reinstatement works
- Occupancy of 100%² with more than 90%³ of the portfolio occupied by leading national tenants and 73.7% of the portfolio underpinned by Wesfarmers Group³ entities
- A strong WALE of 5.7 years² and no near-term expiries with no leases expiring in FY24 and less than 5%² income expiring in FY25

¹ Gearing calculated as interest bearing liabilities less cash divided by total tangible assets less cash as at 31 December 2023.

² By anticipated gross passing income as at 31 December 2023. Wesfarmers tenants are subsidiaries of the Wesfarmers Parent entity - predominantly Bunnings Group Limited and are not guaranteed by Wesfarmers Limited.

³ FY24 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.

Outlook

- **Reaffirm FY24 guidance of 7.6 CPU³ in the absence of the BWP transaction**

Chris Langford (Managing Director) said *“These results are a solid performance in line with guidance and underpinned by the quality of the NPR portfolio. Given continued market uncertainty and the challenges facing the REIT sector, the BWP merger proposal is a highly attractive offer for NPR securityholders. The consideration reflects a material premium to NPR’s trading price and provides an opportunity to participate in a larger merged group with lower gearing.*

*The Independent Board Committee, comprising the responsible entity’s independent directors, has concluded that the Proposal is in the best interests of NPR securityholders and unanimously recommends that NPR securityholders **ACCEPT** the BWP takeover offer, in the absence of a superior proposal.”*

Teleconference

An investor teleconference will be held to provide an overview of the operating activities and financial results for the period ended 31 December 2023. Details of the teleconference are as follows:

Title: Newmark Property REIT HY24 Results

Date: Wednesday 7th February 2024

Time: 10:00 AEDT

To view the webcast please **click here**.

To register for the teleconference please **click here**.

Authorised for release by the Board

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