



Newmark Property REIT (ASX CODE: NPR)

ASX RELEASE

21 February 2024

Communication to NPR Securityholders

Newmark REIT Management Limited (**NRML**) as responsible entity of Newmark Property REIT (**NPR**) refers to the off-market takeover bid by BWP Management Limited (ACN 082 856 424) as responsible entity for the BWP Trust (ARSN 088 581 097) for all the stapled securities in NPR.

The attached communication will be dispatched by email to NPR Securityholders. The communication contains information in response to an unsolicited communication received by NPR Securityholders. A letter containing similar information will be dispatched to those NPR Securityholders who have elected to receive hard copy communications or have not provided an email address.

For further information regarding the takeover bid by BWP Management Limited as responsible entity for the BWP Trust contact:

Investors, analysts and media

Ed Cruickshank

Fund Manager

Tel: +61 3 9066 3966

Email: investor@newmarkcapital.com.au

NPR Securityholder offer information line

1300 255 218 (callers in Australia)

+ 61 2 9066 4084 (callers outside Australia)

Monday to Friday between 9.00am and 5.00pm (Melbourne time) (excluding national public holidays)

This document has been authorised for release by the Independent Board Committee of NRML

21 FEBRUARY 2024

Dear NPR Securityholder

BWP offer to merge with Newmark Property REIT

As Chairman of Newmark Property REIT (ASX: NPR) (**NPR**), I am contacting you on behalf of the Independent Board Committee of NPR (**IBC**)¹ in relation to the off-market takeover bid by BWP Management Limited as responsible entity of the BWP Trust (ASX: BWP) (**BWP**) for 100% of the issued securities in NPR.

The IBC is aware that some NPR Securityholders have received an email communication on or around 18 February from Mr Winston Sammut of Euree Asset Management. The IBC is concerned that some comments and assertions made by Mr Sammut are inaccurate and baseless and therefore may induce NPR Securityholders to make decisions that may not be in their best interests.

The IBC continues to unanimously recommend that you accept the BWP Offer, in the absence of a Superior Proposal.

In forming this recommendation, the IBC conducted an extensive review of all available strategic options to enhance securityholder returns, including:

- Continuing as a standalone entity with selected asset sales to reduce gearing
- Liquidation and wind up of the stapled trusts that form NPR

The key considerations were:

- Maximising securityholder value
- Delivering increased liquidity in a market that is unpredictable and dynamic
- The level of execution risk given current market uncertainty and conditions

Having diligently conducted this extensive process, the IBC was able to negotiate the BWP Offer and recommend it to NPR Securityholders in the absence of a superior proposal. The alternative ideas put forward by Mr Sammut were considered and rejected as inferior for NPR Securityholders.

Mr Sammut's proposal is uncertain and incomplete and, if developed and implemented, may cause the BWP Offer to no longer be available to you.

The below table summarises key aspects of the BWP Offer and Mr Sammut's alternative.

BWP Offer	Mr Sammut's alternative
✓ Accept at a material premium and choice to hold BWP Units without crystallising any loss	? Inaccurate and unfounded analysis using out of date financial information
✓ Continue to receive distributions from a larger portfolio similar to NPR's	? Lacks crucial details or consideration of adverse consequences of proposals
✓ Have the opportunity to recover value over the medium to long term	? Likely to result in crystallisation of capital losses for most NPR Securityholders
✓ Significant increase in market capitalisation, liquidity and relevance	? Material uncertainty on achievable prices, timing and the liquidity and trading price of NPR Securities during this time
✓ Lower gearing of approximately 23%	? Breach trigger for BWP Offer
✓ BWP has a demonstrated track record of growth and outperformance	

¹ The IBC comprises Mr Michael Doble, Ms Melinda Snowden and Mr Andrew Erikson. Refer section 4.1 of the Target's Statement.



The IBC has a number of concerns around Mr Sammut's comments, including:

- **Mr Sammut proposes a protracted asset sale program in challenging market conditions**

The IBC is concerned that Mr Sammut's suggested approach of NPR pursuing asset disposals over the medium to long term will be value destructive for NPR Securityholders and would crystallise losses that will not occur as a result of accepting the BWP Offer that is currently open to you. Asset disposals, amongst other alternatives, were considered in detail by the IBC with its advisors prior to recommending the BWP Offer, and it was determined that a sale of some or all of NPR's portfolio within a reasonable period of time is not commercially desirable and would be unlikely to result in full value being achieved for the portfolio's assets.

Further, the timeframe for delivering proceeds from asset disposals to NPR Securityholders remains uncertain, particularly given current market conditions. An elongated sales period (necessary to avoid the perception of a "fire sale") could result in NPR's security price trading back towards its undisturbed price of \$0.97, during which time the trading liquidity of NPR Securities may also be constrained.

- **Mr Sammut has suggested replacing the responsible entity of NPR but has not provided any details regarding an alternate responsible entity**

Mr Sammut's has proposed to remove Newmark REIT Management Limited as responsible entity of NPR at a potential NPR Securityholder meeting, however he has not identified a replacement or what credentials and qualifications they may have to assume the role.

If successful, this removal would give rise to a breach of a condition under the BWP Offer and, unless waived by BWP, would mean that the Offer would no longer be available for NPR Securityholders to accept as recommended by the IBC.

Alternatively, under the BWP Offer, NPR Securityholders will have the opportunity to own BWP Units and benefit from a management team that has a demonstrated track record of growth and outperformance, with BWP having delivered a total return of 12.1% p.a. since listing in 1998 (over 25 years), significantly outperforming both the S&P/ASX 200 Index and A-REIT Index. The IBC has done due diligence on BWP and its responsible entity, and is satisfied that its credentials are first rate.

Wesfarmers, the owner of BWP's manager, has maintained strong alignment with BWP through a sizeable investment stake of approximately 25% in BWP since listing. The IBC reiterates that NPR Securityholders should consider the Target's Statement and Bidder's Statement that have been sent to you.

- **The implied value of consideration under the BWP Offer represents a 43.1% premium to the trading price of NPR Securities on the day prior to announcement of the Offer (23 January 2024)**

Mr Sammut is critical of NPR's poor security price trading performance since listing on ASX in December 2021. The IBC is aware of this trading performance and notes that NPR is not alone in this regard, with the whole A-REIT sector feeling the pressure of rising interest rates as the RBA has increased the cash rate from 0.10% at the time of NPR's listing, to 4.35% in November 2023, one of the fastest interest rate hiking cycles in Australian history. In addition to the strong premium over NPR's recent trading price offered by BWP, NPR Securityholders will also benefit from continued exposure to a larger and complementary portfolio by receiving BWP Units if you accept the Offer and the conditions are either satisfied or waived by BWP.

- **The IBC believes the strategic and financial benefits of the BWP Offer sufficiently mitigate the associated discount to Net Tangible Assets (NTA)**

Mr Sammut highlights the discount to NTA received under the BWP Offer. This is noted as a possible reason for not accepting the BWP Offer in NPR's Target's Statement released on 7 February 2024. NPR's NTA is expected to reduce from \$1.68 per NPR Security as at 31 December 2023, to \$1.50 per

Newmark REIT Management Limited
ABN 31 644 715 382 AFSL No. 526690
Responsible entity of Newmark Property REIT
Stapled Group comprising:

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

Level 17, 644 Chapel Street
South Yarra Vic 3141
Australia

+61 3 9820 3344
newmarkcapital.com.au



equivalent NPR Security in the Combined Group. However, in the absence of the BWP Offer, NPR would need to address its current gearing of approximately 47%, potentially through selling assets and/or raising equity, which would likely dilute NPR's NTA.

- **Mr Sammut is critical of NPR's gearing of approximately 47%. The BWP Offer will substantially reduce gearing**

The reduction in gearing is a key reason to accept the BWP Offer, given the Combined Group will have gearing of approximately 23%.

- **NPR adhered to a rigorous IBC protocol in assessing the BWP Offer and alternatives available to maximise value for NPR Securityholders**

Mr Sammut's criticisms of the process undertaken by the IBC are unfounded and incorrect. The IBC and the Board has at all times acted in accordance with its fiduciary duties to NPR Securityholders and continues to believe that the BWP Offer is in the best interests of NPR Securityholders in the absence of a Superior Proposal, which has not emerged.

Reasons to accept the BWP Offer

Some of the reasons to accept the BWP Offer include:

1. The implied consideration value of \$1.39 per NPR Security represents a material 43.1% premium to NPR's closing price on 23 January 2024;
2. The transaction will significantly increase the NPR portfolio scale to \$3.5 billion, maintaining continued exposure to high quality and complementary assets;
3. The BWP Offer will result in a significant increase in market capitalisation, liquidity and relevance, with a combined market capitalisation of approximately \$2.5 billion and inclusion in the S&P/ASX 200 Index;
4. The Combined Group's gearing will be approximately 23% compared to NPR's current gearing of approximately 47%;
5. The BWP team has a demonstrated track record of growth and outperformance, delivering a total return of 12.1% p.a. since listing in 1998, with strong Wesfarmers alignment;
6. The BWP Offer has the unanimous support of the NPR Directors, and no Superior Proposal has emerged; and
7. The trading price of NPR Securities may fall if the BWP Offer is unsuccessful and there is no other offer for your NPR Securities.

BWP has lodged a change in substantial holding notice on 20 February 2024, and now holds a relevant interest in 24.04% of NPR Securities on issue.

The IBC continues to unanimously recommend that you accept the BWP Offer, in the absence of a Superior Proposal.

Risks of not accepting BWP's Offer

It is important to note that if you do not accept the BWP Offer (as Mr Sammut has suggested) during the Offer Period:

- You risk becoming a minority NPR Securityholder, if BWP declares the Offer unconditional and further increases its interest in NPR; and
- If BWP gains control of NPR, and you continue to hold NPR Securities, there is likely to be reduced liquidity in NPR Securities, which may make it difficult for you to sell your NPR Securities outside the Offer at the current trading price on the ASX. This could cause the trading price of NPR Securities to fall; or
- If the conditions of the BWP Offer are not met (including the 50.1% minimum acceptance condition), and BWP withdraws its Offer, the trading price of NPR Securities could fall back towards its undisturbed price of \$0.97.

Newmark REIT Management Limited
ABN 31 644 715 382 AFSL No. 526690
Responsible entity of Newmark Property REIT
Stapled Group comprising:

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

Level 17, 644 Chapel Street
South Yarra Vic 3141
Australia

+61 3 9820 3344
newmarkcapital.com.au



HOW TO ACCEPT THE BWP OFFER

To accept the BWP Offer you must log in to <https://www.bwpooffer.com.au/> and follow the instructions, or sign your Acceptance Form and return it to the address set out on the form before the Offer closes.

The BWP Offer is due to close at 7.00pm (Sydney time) on Thursday, 21 March 2024 unless extended or withdrawn.

Full details on how to accept the BWP Offer are set out in section 15.6 of the **Bidder's Statement**. If you have any further questions on how to accept the BWP Offer, please call the Offer Information Line on 1300 255 218 (within Australia) or +61 2 9066 4084 (from outside Australia) between 9.00 am and 5.00 pm (Sydney time) Monday to Friday (excluding public holidays).

BWP OFFER MATERIAL

Investors are encouraged to read the Target's Statement and Bidder's Statement carefully and seek independent advice if they have any questions or concerns.

- The Bidder's Statement can be accessed at: **Bidder's Statement**
- The Target's Statement can be accessed at: **Target's Statement**
- ASX announcements regarding the Offer, which you can see here: **Announcements (asx.com.au)**. Please make sure you also check regularly for the latest announcements.

NPR has engaged with numerous investors and advisers over the past two weeks since results were released on 7 February 2024 and has been very pleased with the detailed questions relating to the BWP Offer and the overall positive feedback it has received. NPR would welcome the opportunity to meet with any NPR Securityholders who have any questions in relation to the points raised by Mr Sammut or would like more detail about the process, our governance or the BWP Offer. Should you have any such questions, please contact Ed Cruickshank, Fund Manager by telephone +61 3 9066 3966 or by email at investor@newmarkcapital.com.au.

The IBC will continue to provide you with further updates as appropriate through the Offer Period.

Yours sincerely

Michael Doble
Chairman and Independent Non-Executive Director
Newmark REIT Management Limited
as responsible entity for Newmark Property REIT