

# Product Disclosure Statement Update

**NEWMARK HARDWARE TRUST (ARSN 161 274 111)**

24 August 2021

This document updates the Product Disclosure Statement for the Newmark Hardware Trust (**Trust**) dated 15 February 2019 (as supplemented by Supplementary Product Disclosure Statement (**SPDS**) dated 26 April 2021) (together, **PDS**).

Information in the PDS may be updated from time to time by notification on the Trust's website at [www.newmarkcapital.com.au/funds/newmark-hardware-trust](http://www.newmarkcapital.com.au/funds/newmark-hardware-trust) if the updates do not comprise materially adverse information (**Website Update**).

The below information updates certain information contained in the PDS. Where relevant, the table should be read in conjunction with the corresponding sections of the PDS, as updated in this and previous updates. The defined terms have the same meaning as the PDS unless otherwise stated.

Potential investors should read the PDS and all updates including continuous disclosure notices in their entirety before applying to invest in the Trust.

## Updated information

Topic	Updated information	Reference in PDS or SPDS
WALE	<p>The weighted average lease expiry (<b>WALE</b>) for the Trust's property portfolio is 8.4 years (by income) and 8.5 years (by area) as at 20 August 2021. The WALEs by income for each property owned by the Trust as at 20 August 2021 are as follows:</p> <ul style="list-style-type: none"> <li>• Eastgardens 7.82 years</li> <li>• Lake Haven 9.77 years</li> <li>• Launceston 4.34 years</li> <li>• Maroochydore 5.50 years</li> <li>• Melton 12.00 years</li> <li>• Warragul 7.90 years</li> <li>• Preston n/a (currently under construction)</li> </ul> <p>The WALE is an indicator of the risk of lease expiries. It is measured in years until expiry and weighted by income or area allowing for differing tenant sizes and rental rates. The higher the WALE the lower the risk of immediate lease expiries and potential re-leasing costs and reduction of income.</p>	Letter to Investors (page 3 of SDPS), section 3.5 (page 6 of SPDS), section 5.5 (page 13 of SPDS)
Gearing ratio	<p>A trust's gearing ratio indicates the extent to which the trust's assets are funded by external liabilities. Following the acquisition of the Melton Property, the Trust's gearing ratio is 52.7% as at 20 August 2021 based on unaudited accounts. The Trust's gearing ratio on a look-through basis was 49.2% as at 31 December 2020 based on the Trust's latest auditor reviewed financial statements. During this period the Trust has undertaken the acquisition of the Eastgardens and Melton properties and continues to develop the Preston Property, in accordance with the Trust's investment strategy.</p>	section 2.1 (page 12), section 5.6.1 (page 34)

<b>Topic</b>	<b>Updated information</b>					<b>Reference in PDS or SPDS</b>
<b>Interest cover ratio</b>	An interest cover ratio gives an indication of a trust's ability to meet interest payments from earnings. The interest cover ratio for the Trust on a look through basis was 3.71 times as at 20 August 2021, based on unaudited accounts. The interest cover ratio for the Trust on a look through basis was 3.0 times as at 31 December 2020 based on the Trust's latest audited financial statements.					section 2.1 (page 12), section 5.6.1 (page 34)
<b>ASIC benchmarks</b>	As at the date of this Website Update, Newmark Capital meets all of the six ASIC benchmarks for unlisted property funds in respect of the Trust.					section 2.2 (page 13)
<b>Trust structure</b>	As at the date of this Website Update, assets under development on an 'as if complete' valuation basis make up 19.6% of the portfolio of the Trust per RG 46. Previously, this was 22.0% as at April 2021.					section 5.2 (page 22)
<b>Portfolio &amp; tenants' information</b>	<b>Property</b>	<b>Sector</b>	<b>GLA (sqm)</b>	<b>Major tenants</b>	<b>Occupancy by income as at 20 August 2021</b>	section 5.5 (page 11 of SPDS)
	Eastgardens	Large format retail	14,920	Bunnings	100%	
	Lake Haven	Large format retail	16,313	Bunnings	100%	
	Launceston	Large format retail	22,328	Bunnings Officeworks JB Hi-Fi Petstock	100%	
	Maroochydore	Large format retail	17,963	Bunnings Howards Storage World F45	100%	
	Melton	Large format retail	18,134	Bunnings	100%	
	Warragul	Large format retail	25,777	Bunnings Kmart Petstock Reject Shop Repco My Car	100%	
	Preston <sup>1</sup>	Large format retail	18,612	Bunnings	n/a	
<sup>1</sup> Property acquired on 1 February 2021. The Trust has entered into an agreement for lease with Bunnings Group Limited due to commence upon completion of construction around May 2022. Refer to section 5.5.5 for further details.						



Topic	Updated information					Reference in PDS or SPDS
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Property	Valuation	Valuer <sup>1</sup>	Capitalisation rate	Book value as at 30 June 2021 <sup>2</sup>	% of portfolio <sup>3</sup>	section 5.5 (page 11 of SPDS)
Eastgardens	\$75.00m	CBRE	4.125%	\$75.00m	20.6%	
Lake Haven	\$50.00m	Savills	4.75%	\$50.00m	13.7%	
Launceston	\$55.75m	Savills	5.66%	\$55.75m	15.3%	
Maroochydore	\$68.50m	Savills	5.00%	\$68.50m	18.8%	
Melton <sup>4</sup>	\$43.59m	Savills	4.50%	\$43.59m	12.0%	
Warragul	\$56.50m	Savills	5.75%	\$56.50m	15.5%	
Preston	\$15.00m <sup>5</sup>	Savills	4.50%	\$15.00m	4.1%	
<b>Total</b>	<b>\$364.34m</b>			<b>\$364.34m</b>	<b>100%</b>	

<sup>1</sup> All valuations are independent dated 1 June 2021 unless otherwise stated

<sup>2</sup> Unaudited

<sup>3</sup> By value as at 20 August 2021

<sup>4</sup> Property acquired 20 August 2021. Independent valuation dated 1 June 2021

<sup>5</sup> As-is valuation on acquisition at 1 June 2021

Top 5 tenants	Tenant	% income as at 20 August 2021	Area (sqm)	section 5.5 (page 13 of SPDS)
1	Bunnings	84.0%	22,976	
2	Kmart	5.5%	6,485	
3	Officeworks	1.6%	1,714	
4	JB Hi-Fi	1.5%	1,670	
5	Petstock	1.5%	714	

<b>Melton, Victoria Property</b>	<p>On 20 August 2021, the Trust acquired Bunnings, Melton (<b>'Melton Property'</b>) for a purchase price of \$43.59 million.</p> <p>The Melton Property is located 40 kilometres west of Melbourne's CBD with prominent exposure at the junction of the Western Highway and Keilor-Melton Road. This property features excellent accessibility in a prime location. The property has an 18,134m<sup>2</sup> freestanding Bunnings Warehouse, along with 514 on grade carparks.</p> <p>The property has a site area of 40,020m<sup>2</sup> (4.0 ha) and is zoned Industrial 1 Zone under the City of Melton Planning Scheme.</p> <p>Construction of the Melton Property was completed and Bunnings opened in February 2021.</p>	section 5.5.7 (new section)
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<b>Valuation: Bunnings, Melton</b>	<b>Date of valuation</b>	1 June 2021	section 5.5.7 (new section)
	<b>Valuation performed by independent valuer?</b>	Yes	
	<b>Net income</b>	\$2,005,000	
	<b>Adopted outgoings</b>	\$264,995 (\$14.61/m <sup>2</sup> )	
	<b>Passing initial yield</b>	4.60%	
	<b>Core capitalisation rate</b>	4.50%	
	<b>Rental review structure</b>	2.50%	
	<b>\$ Rate /m<sup>2</sup> of lettable area</b>	\$2,404/m <sup>2</sup>	
	<b>Current vacancy rate (GLA)</b>	0%	
	<b>Adopted market value</b>	\$43,587,000	



Topic	Updated information	Reference in PDS or SPDS	
Debt facility	Newmark Capital has entered into a syndicated debt facility for \$191.9 million which will mature in September 2023 ('Facility').	section 5.6.2 (page 20 of SPDS)	
	The loan to the Trust has been secured by a mortgage over the Lake Haven Property, Launceston Property, Maroochydore Property, Melton Property, Warragul Property (an asset of the wholly-owned Newmark Hardware Property Trust No. 2) and Eastgardens Property (an asset of the wholly-owned Newmark Hardware Property Trust No. 3), and a general security interest over the assets of the Trust.		
	A summary of the Facility has been set out below:		
	Term		From 25 September 2020 to 24 September 2023
	Aggregate drawn amount		\$191.9 million
	Aggregate undrawn amount		\$0 million
	Assets to which the facility relates		Eastgardens Property Lake Haven Property Launceston Property Maroochydore Property Melton Property Warragul Property
	Maturity profile in 12 month increments		100% maturing in September 2023
	Interest rate		1.97% (1.90% margin + BBSY 0.07%)*
	Interest cover ratio covenant		2.0 times
	Loan to valuation ratio (LVR) covenant		55%
	Amount by which the property value will need to fall by before the LVR covenant is breached (based on 20 August 2021 unaudited book values)		1%
	Is the facility hedged?		No (ability to hedge in future)
	* The interest rate of the facility is the average bid rate quoted on the "BBSY" page of the Reuters Monitor System plus margin		
Glossary	Melton Property 56 High Street, Melton, Victoria	section 12 (page 70)	



**How to contact us**

If you have any questions, please contact Newmark Capital on 03 9066 3966. A paper copy of the updated information is also available free of charge by contacting us.

**Important information**

The information in this Website Update has been prepared by Newmark REIT Management Limited (ACN 644 715 382 AFSL 526690) as responsible entity and issuer of Units in the Newmark Hardware Trust ARSN 161 274 111.

The information in this Website Update is general information only. It does not constitute any recommendation or advice and has been prepared without taking into account your personal objectives, financial situation or needs and so you should consider its appropriateness having regard to these factors before acting on it. You should consider obtaining independent advice from a professional financial adviser before making any financial decisions in relation to the matters disclosed in the Website Update.

All statements of opinion and/or belief in this Website Update, and all views expressed and any projections, forecasts or statements relating to expectations regarding future events or possible future performance of the Trust, represent Newmark Capital's assessment and interpretation of information available as at the date of this Website Update. No representation is made or assurance given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Trust will be achieved. Eligible Unitholders must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Newmark Property Group.

