

# Product Disclosure Statement Update

## NEWMARK HARDWARE TRUST (ARSN 161 274 111)

29 May 2019

Newmark Capital Limited (ACN 126 526 690, AFS Licence No. 319 372) ('**Newmark Capital**') in its capacity as the responsible entity of the Newmark Hardware Trust ('**Trust**') issued a Product Disclosure Statement ('**PDS**') dated 15 February 2019 for the Trust. Newmark Capital may update the information in the PDS by notification on its 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. A paper copy of the updated information is also available free of charge by contacting us on 03 9066 3966.

Potential investors should read the PDS and this update in their entirety before applying to invest in the Trust.

The below information updates certain information contained in the PDS relating to the benchmark and disclosure principles in ASIC's '*Regulatory Guide 46: Unlisted property schemes: Improving disclosure for retail investors*' ('**RG 46**'), and the Lake Haven and Warragul properties. Where relevant, the table should be read in conjunction with the corresponding sections of the PDS. The defined terms have the same meaning as the PDS unless otherwise stated.

### Updated information

Topic	Updated information	Reference in PDS						
Gearing ratio	A trust's gearing ratio indicates the extent to which the trust's assets are funded by external liabilities. The Trust's gearing ratio on a look through basis was approximately 40% as at 31 December 2018, based on the latest audited accounts. Previously, the Trust's gearing ratio on a look through basis was approximately 42% as at 30 June 2018.	section 2.1 (page 12) section 5.6.1 (page 34)						
Interest cover ratio	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 2.8 times as at 31 December 2018, based on the latest audited accounts. Previously, the interest cover ratio for the Trust on a look through basis was 4.97 times as at 30 June 2018.	section 2.1 (page 12) section 5.6.1 (page 34)						
Lake Haven Property	The construction of the Lake Haven Property was completed in April 2019 as envisaged in the PDS. This resulted in the final payment being made and Bunnings' lease commencing in May 2019 with a WALE of 12 years from May 2019. This means construction/development risk is no longer associated with the Lake Haven Property.  Following the completion of a site survey, the site area for the Lake Haven Property is 23,780m <sup>2</sup> and the Bunnings lettable area (GLA) is 16,335m <sup>2</sup> .	Trust structure diagram (page 23) section 5.5 (page 24) section 5.5.3 (page 30)						
Lake Haven valuation	<table border="1"> <tbody> <tr> <td>Date of valuation</td> <td>3 April 2019</td> </tr> <tr> <td>Valuation performed by independent valuer?</td> <td>Yes</td> </tr> <tr> <td>Adopted market value</td> <td>\$42.55 million</td> </tr> </tbody> </table>	Date of valuation	3 April 2019	Valuation performed by independent valuer?	Yes	Adopted market value	\$42.55 million	section 5.5 (page 24) section 5.5.3 (page 30)
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Warragul Property development timetable	It is expected that in July 2019 the Trust will acquire the Warragul Property and therefore, upon settlement, the Warragul Property will become an asset of the Trust. Planning approval for the project and construction of the Warragul Property occurred in March 2019 and it is anticipated that construction will commence in June 2019. It is expected the project will be completed and leases commence in May 2020.	section 5.5.4 (page 32)																
Development assets	As at May 2019, assets under development on an 'as if complete' valuation basis make up 26% of the portfolio of the Trust per RG 46. Previously, this was 48% as at February 2019.	section 5.2 (page 22)																
Weighted average lease expiry ('WALE')	With the commencement of the Bunning lease for the Lake Haven Property, the Trust has a WALE of 8.54 years by income and 8.72 years by area as at 28 May 2019.	Letter to Investors (page 6) section 3.5 (page 16) section 5.5 (page 25)																
Top 3 tenants	<table border="1"> <thead> <tr> <th>Tenant</th> <th>% income as at May 2019</th> <th>Area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Bunnings</td> <td>87%</td> <td>51,173</td> </tr> <tr> <td>Officeworks</td> <td>4%</td> <td>1,714</td> </tr> <tr> <td>JB Hi-Fi</td> <td>3%</td> <td>1,670</td> </tr> </tbody> </table>	Tenant	% income as at May 2019	Area (sqm)	Bunnings	87%	51,173	Officeworks	4%	1,714	JB Hi-Fi	3%	1,670	section 5.5 (page 25)				
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Existing bank facility	<p>Following the settlement of the Lake Haven Property in May 2019 and the Facility becoming fully hedged from April 2019, set out below is a summary of the Facility:</p> <table border="1"> <tbody> <tr> <td>Term</td> <td>From 23 May 2018 to 30 June 2020</td> </tr> <tr> <td>Aggregate drawn amount</td> <td>\$65 million</td> </tr> <tr> <td>Aggregate undrawn amount</td> <td>\$0 million</td> </tr> <tr> <td>Assets to which the Facility relates</td> <td>Launceston, Maroochydore and Lake Haven properties</td> </tr> <tr> <td>Interest rate</td> <td>3.53% (fixed rate)</td> </tr> <tr> <td>Interest cover ratio covenant</td> <td>x1.95</td> </tr> <tr> <td>Loan to valuation ratio covenant</td> <td>50%</td> </tr> <tr> <td>Facility hedged</td> <td>Yes – 100%</td> </tr> </tbody> </table>	Term	From 23 May 2018 to 30 June 2020	Aggregate drawn amount	\$65 million	Aggregate undrawn amount	\$0 million	Assets to which the Facility relates	Launceston, Maroochydore and Lake Haven properties	Interest rate	3.53% (fixed rate)	Interest cover ratio covenant	x1.95	Loan to valuation ratio covenant	50%	Facility hedged	Yes – 100%	section 5.6.2 (page 35)
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#### How to contact us

If you have any questions, please contact Newmark Capital on 03 03 9066 3966.

#### Important information

The information in this notice to update the product disclosure update ('**Notice**') dated 29 May 2019 has been prepared by Newmark Capital Limited ACN 126 526 690, AFSL 319 372 ('**Newmark Capital**') as responsible entity for the Newmark Hardware Trust ARSN 161 274 111 ('**Trust**').

The information shown in this Notice 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 Notice.

All statements of opinion and/or belief in this Notice, 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 Notice. 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.

