Newmark Property REIT
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Newmark Property REIT is a stapled group comprising Newmark Hardware Trust (ARSN 161 274 111) ('NHT') and Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219) ('NCP') collectively referred to as Newmark Property REIT', 'stapled group' or 'NPR'.
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

On 8 December 2021 the unit capital of Newmark Hardware Trust was stapled to the unit capital of Newmark Capital (Chadstone) Property Trust to form Newmark Property REIT. In addition, during the period, NPR listed on ASX and raised capital through an initial public offer ('IPO') of 67,714,049 newly issued stapled securities at $1.895 per security.

As a result, Newmark Property REIT's financial performance for the period ended 30 June 2022 was materially influenced by the ASX listing and stapling of securities in December 2021 and associated activities. This Appendix 4E is required to include consolidated results only and should be read in conjunction with the attached Responsibility Entity's Report which includes a breakdown of the results.

Revenue from ordinary activities	up	65%	to	24,191,464
Profit from ordinary activities after tax attributable to stapled security holders	up	354%	to	51,849,823
Profit for the year attributable to stapled security holders	up	354%	to	51,849,823
Funds from Operations (FFO)	up	105%	to	13,317,443

	30 June 2022 Cents	**30 June 2021 Cents**
Basic earnings per security	25.67	13.47
Diluted earnings per security	25.67	13.47

Distribution

Current period

Details of distributions paid, recommended or declared during the current financial period are as follows:

	Amount per security Cents
Distribution for the period 1 July 2021 to 7 December 2021 amounting to $3,753,915 in aggregate to unitholders of Newmark Hardware Trust registered on 7 December 2021	3.890
Distribution to security holders of Newmark Property REIT amounting to $1,265,371 in aggregate for the period from 8 December 2021 to 31 December 2021	0.680
Distribution to security holders of Newmark Property REIT amounting to $4,380,843 in aggregate for the period from 1 January 2022 to 31 March 2022	2.410
Distribution to security holders of Newmark Property REIT amounting to $4,232,406 in aggregate for the period from 1 April 2022 to 30 June 2022 to be paid on 11 August 2022 to security holders registered on 30 June 2022	2.410

Prior period

Details of distributions paid, recommended or declared during the prior financial period (ended 30 June 2021) are as follows:

	Amount per security Cents
Distribution to unitholders of Newmark Hardware Trust amounting to $1,345,695 in aggregate for the quarter ended 30 September 2020 to unitholders registered on 30 September 2020	2.250
Distribution to unitholders of Newmark Hardware Trust amounting to $1,523,900 in aggregate for the quarter ended 31 December 2020 to unitholders registered on 31 December 2020	2.250
Distribution to unitholders of Newmark Hardware Trust amounting $1,684,838 for the quarter ended 31 March 2021	2.250
Final distribution for year ended 30 June 2021 amounting to $2,004,506 paid on 12 August 2021 to unitholders of Newmark Hardware Trust registered on 30 June 2021	2.250

Comments

The profit for the stapled group (30 June 2021: NHT consolidated group) for the year ended 30 June 2022 amounted to $51,849,823 (30 June 2021: $11,410,228).

Included in this result is a profit from the operations of Newmark Capital (Chadstone) Property Trust (also attributable to stapled security holders) for the period ended 30 June 2022 amounting to $2,985,590 (30 June 2021: n/a).

For commentary in relation to the operations of the stapled group for the year ended 30 June 2022, refer to the 'Review of Operations' in the attached Responsible Entity's report accompanying the financial statements.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	198.41	172.78

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Net tangible assets have been calculated using the following inputs:		
Net Assets	360,399,998	153,927,702
	2022 No. of units	**2021 No. of units**
Units on issue	181,648,296	89,089,167

4. Control gained over entities

On 8 December 2021, the unit capital of Newmark Hardware Trust was stapled to the unit capital of Newmark Capital (Chadstone) Property Trust ('NCP'). For the purposes of financial statement preparation, the stapling has been accounted for as an acquisition with the unit capital of NCP presented as non-controlling interests.

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5. Loss of control over entities

Not applicable.

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6. Distribution reinvestment plans

The Distribution Reinvestment Plan did not operate in respect any distributions paid.

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7. Details of associates and joint venture entities

Not applicable.

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8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

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9. Attachments

Details of attachments (if any):

The Annual Report of Newmark Property REIT for the year ended 30 June 2022 is attached.

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10. Signed

Signed ______________________________ Date: 11 August 2022

Michael Doble
Chairperson

Newmark Property REIT

Stapled group comprising:

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

Annual Report – 30 June 2022

Newmark Property REIT
Corporate directory
30 June 2022

Registered office and principal place of business of Responsible Entity	Newmark REIT Management Limited Level 17, 644 Chapel Street South Yarra, Victoria, 3141 Newmark REIT Management Limited is the responsibility entity of: - Newmark Hardware Trust (ARSN 161 274 111); and - Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)	
Directors of Responsible Entity	Michael Doble Melinda Snowden Andrew Erikson Christopher Langford Mark Allan Simon T. Morris (resigned 12 November 2021)	
Company secretary	Peter Hulbert	
Share registry	BoardRoom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney, NSW, 2000 Phone: 1300 737 760 (in Aust); +61 2 9290 9600 (International)	
Auditor	SW Audit Level 10, 530 Collins Street Melbourne, VIC, 3000 Phone: +61 3 8635 1800	
Solicitors	Allens Level 28, Deutsche Bank Place 126 Philip Street Sydney, NSW, 2000 Phone: + 61 2 9230 4000	Hall and Wilcox Level 11, Rialto South Tower 525 Collins Street Melbourne, VIC, 3000 Phone: +61 3 9603 3555
Bankers	Commonwealth Bank of Australia Tower 1, Collins Square 727 Collins Street Melbourne, VIC, 3008	Westpac Banking Corporation 150 Collins Street Melbourne, VIC, 3000
Stock exchange listing	Newmark Property REIT stapled securities are listed on the Australian Securities Exchange (ASX code: NPR)	
Website	https://www.newmarketcapital.com.au/funds/newmark-property-reit	
Business objectives	In accordance with Listing Rule 4.10.19, the stapled group confirms that it has been utilising the cash (and assets in a form readily convertible to cash) held at the time of, and since, its admission to the Official List of ASX, in a way that is consistent with its business objectives.	
Corporate Governance Statement	The directors and management of the Responsible Entity are committed to conducting the business of Newmark Property REIT in an ethical manner and in accordance with the highest standards of corporate governance. The Responsible Entity has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and the nature of its operations.	

Contents

Responsible Entity

The directors of Newmark REIT Management Limited, the Responsible Entity of Newmark Hardware Trust ('NHT') and Newmark Capital (Chadstone) Property Trust ('NCP'), present their report, together with:

(i) the financial statements of the consolidated entity (referred to hereafter as the 'stapled group' or 'Newmark Property REIT or NPR') consisting of NHT (and the entities it controlled at the end of, or during, the period ended 30 June 2022); and
(ii) the financial statements of NCP (which are attached within this financial report).

The separate financial statements of NCP are included within this financial report of Newmark Property REIT as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838 as both NHT and NCP are stapled issuers in the same stapled group. This director's report represents the report of both NHT and NCP in reliance upon that instrument.

Directors

The following persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Doble - Chairperson and Independent Non-Executive Director
Melinda Snowden - Independent Non-Executive Director
Andrew Erikson - Independent Non-Executive Director
Christopher Langford - Joint Managing Director
Simon T. Morris - Joint Managing Director (resigned 12 November 2021)
Mark Allan - Non-Executive Director

Principal activities

During the financial year the principal continuing activity of the stapled group was the investment in premium commercial real estate properties that comprise high quality large format retail (‘LFR’) sites in metropolitan, urban centre and key regional locations along the eastern seaboard of Australia. Bunnings Group Limited is the dominant tenant across the stapled group's portfolio.

Distributions

Distributions paid/payable during the financial year were as follows:

	30 June 2022 $	30 June 2021 $
Newmark Hardware Trust		
Distribution for year ended 30 June 2021 of 9.0 cents per ordinary unit	-	6,558,939
Distributions for the period 1 July 2021 to 7 December 2021 of 3.89 cents per ordinary unit	3,753,915	-
Distributions for the period 8 December to 31 December 2021 of 0.55 cents per stapled security	990,743	-
Distribution for the period 1 January to 31 March 2022 of 1.96 cents per stapled security	3,563,425	-
Distribution declared for the period 1 April to 30 June 2022 of 1.96 cents per stapled security	3,436,713	-
	11,744,796	6,558,939

	30 June 2022 $	30 June 2021 $
Newmark Capital (Chadstone) Property Trust		
Distributions for the period 8 December to 31 December 2021 of 0.13 cents per stapled security	274,628	-
Distribution for the period 1 January to 31 March 2022 of 0.45 cents per stapled security	817,418	-
Distribution declared for the period 1 April to 30 June 2022 of 0.45 cents per stapled security	795,693	-
	1,887,739	-

On 8 December 2021, fully paid ordinary units of NHT and NCP were stapled to form stapled securities which have been listed on the Australian Securities Exchange ('ASX') and trade under the name 'Newmark Property REIT' (ASX code: NPR). Such securities cannot be traded separately from one another.

Review of operations

Summary of financial performance

NPR’s financial performance for the year ended 30 June 2022 was materially influenced by a number of events including its ASX listing on 8 December 2021 and associated activities:

- the stapling of two established unlisted property trusts managed by the Newmark Group, being Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust;
- the issue of $128.3 million new securities; and
- the refinancing of existing debt facilities through a new senior secured syndicated debt facility.

NPR continues to deliver on its objective to provide Stapled Security holders with exposure to a high-quality real estate portfolio targeting consistent and growing income.

During the financial year ended 30 June 2022, NPR:

- settled the acquisition of its Melton property. Bunnings Melton is a freestanding Bunnings site that completed construction and commenced trading in February 2021. The property was acquired in August 2021 with a new 12-year lease to the Bunnings Group Limited;
- entered into interest rate cap hedge instruments on $100.0m of borrowings; and
- announced on 6 June 2022 an on-market buyback programme for up to 5,449,448 of its stapled securities to occur between 21 June 2022 and 20 June 2023

A summary of the financial performance of the stapled group for the year ended 30 June 2022 is set out below.

	Consolidated	
	30 June 2022	**30 June 2021**
	$	**$**
Total revenue	24,191,464	14,646,040
Net profit for the period	51,849,823	11,410,228
Net Funds from Operations ('FFO')	13,317,443	6,490,588
	Cents	**Cents**
FFO per weighted average number of stapled securities during the period	7.33	7.29

Net profit for the period of $51.8 million represented an increase of $40.4 million compared to the prior period and was mainly attributable to:

- a $8.9 million increase in rental revenue from the portfolio including from the acquisition of the Melton site in August 2021, acquisition of the Eastgardens site in April 2021 and from the addition of the Chadstone property through the stapling of NHT and NCP in December 2021;
- a $0.8 million increase in property expenses associated with the addition of new properties;
- a $1.0 million increase in responsible entity costs associated with the property acquisitions, stapling of NHT and NCT and property revaluations during the period;
- a $0.6 million increase in other fund expenses which were mostly attributable to the appointment of a new Independent Board of Directors of the Responsible Entity;
- a $0.9 million increase in finance costs, net of interest revenue, including a $0.1 million increase in amortisation of borrowing costs and $0.8 million increase in interest expense due to the draw down on borrowing facilities for the acquisition of properties;
- a $0.1m increase in straight line lease income;
- a $34.0 million increase in net fair value gains on investment properties and interest rate cap hedge instruments; and
- a $0.7 million increase in acquisition, transaction and legal settlement costs.

Funds from Operations and adjusted funds from operations
The table below provides a reconciliation between the net profit after tax for the period, funds from operations and adjusted funds from operations ('AFFO')

	Consolidated	
	30 June 2022	**30 June 2021**
	$	**$**
Net profit for the period	**51,849,823**	**11,410,228**
Add back:		
Borrowing costs amortisation	744,537	623,429
Listing costs	2,173,025	1,876,867
	2,917,562	2,500,296
Adjust for:		
Straight line rental adjustments	(486,236)	(432,299)
Revaluation of derivatives	(2,880,094)	(203,284)
Net fair value gain on investment property	(38,083,612)	(6,784,353)
	(41,449,942)	(7,419,936)
Net Funds from Operations	**13,317,443**	**6,490,588**
Less: Maintenance capital expenditure	(179,612)	(52,704)
Less: Leasing capital expenditure	(431,080)	(105,000)
	(610,692)	(157,704)
Adjusted FFO	**12,706,751**	**6,332,883**

Summary of financial position
A summary of the stapled group's financial position as at 30 June 2022 is set out below.

	Consolidated	
	30 June 2022	**30 June 2021**
	$	**$**
Assets		
Investment property	487,382,474	320,750,000
Total assets	498,074,535	323,143,531
Net tangible assets	360,399,998	153,927,702
	No.	**No.**
Number of securities on issue	181,648,296	89,089,167
	$	**$**
Net tangible assets per security	1.98	1.73

Cash and borrowings	**Consolidated 30 June 2022 $**
Facility limit	215,000,000
Less: drawn debt	(130,730,332)
Undrawn debt	84,269,668
Add: Cash	5,275,909
Cash and undrawn debt	89,545,577

	Consolidated 30 June 2022 %
Gearing ratio	25.5%
Hedged debt*	76.5%

* NPR entered interest rate cap hedging instruments on 76.5% of drawn borrowings during the year. Refer to Treasury section below.

Investment properties

NPR’s investment property portfolio as at 30 June 2022 consisted of 8 freehold assets, valued at $487.4 million, compared to $320.8 million as at 30 June 2021. The increase in value was driven by the acquisition of Melton ($43.6 million) and Chadstone ($80.0 million) and a fair value gain recognised of $38.1 million.

On 8 July 2022, NPR announced the off-market acquisition of a 100% freehold interest in a 2.8 Ha LFR property at 1-17 Compton Rd in Underwood, Queensland for a total purchase price of $57.0 million ('the Underwood Acquisition’). The initial passing yield at acquisition is 5.15%. The property is a purpose built LFR site, located approximately 20km South-East of the Brisbane CBD in a prominent location at the intersection of Kingston and Compton Roads (a high traffic volume intersection) and is in significant growth corridor. The property comprises four buildings with a combined lettable area of 11,115 m2, featuring a strong tenant mix that includes quality national retailers such as Officeworks, Supercheap Auto and Sydney Tools. The tenancy mix is highly defensive with more than 80% of the lettable area leased to medical uses and leading national retailers, providing diversification benefits for the portfolio. With occupancy of 99%, a Weighted Average Lease Expiry (WALE) of 6.3 years and average fixed rental increases of 3.1% p.a., the property is expected to provide additional defensive and growing income for the portfolio. Settlement is expected to occur in September 2022. There are three conditions to settlement relating to tenancy handover and satisfaction of development approval conditions, which may be waived at Newmark REIT Management Limited’s discretion. Completion of the acquisition is expected to be funded via NPR’s existing debt facility.

Treasury

In December 2021 the stapled group entered into a new senior secured syndicated debt facility with CBA and Westpac which refinanced all existing debt facilities. The facility comprises a three-year $215.0 million term loan facility to be used to fund capital expenditure, acquisitions and general corporate purposes.

In February 2022 NPR entered into interest rate cap hedging instruments on $100.0 million of borrowings with hedged debt as a percentage of drawn debt at 76.5%. As at 30 June 2022, the stapled group had $130.7 million of drawn debt and a gearing ratio of 25.5%.

Related party confirmation

The directors confirm that since listing the Responsible Entity has complied with, and continues to comply with, its Related Party Transaction Policy which is publicly available.

Significant changes in the state of affairs

In December 2021 the fully paid ordinary units of NHT and NCP were stapled together to form Newmark Property REIT stapled securities. On 8 December 2021 these securities were listed on the 'ASX and trade under ASX code NPR. Such securities cannot be traded separately from one another.

As the stapling of securities represents a deemed acquisition by NHT of NCP for accounting purposes, the financial statements of NPR comprises the following financial information:

Statement of comprehensive income

- for the year ended 30 June 2022 - the financial results of NHT for the year ended 30 June 2022 combined with financial results of NCP for the period 8 December 2021 to 30 June 2022; and
- for the year ended 30 June 2021 - the financial results of NHT.

Statement of financial position

- as at 30 June 2022 - the consolidated financial position of NHT and NCP
- as at 30 June 2021 - the consolidated financial position of NHT

There were no other significant changes in the state of affairs of the stapled group during the current financial year.

Matters subsequent to the end of the financial year

On 5 July 2022, NPR made a partial advanced payment of $15.0 million relating to the acquisition of the Preston property. NPR will receive a coupon of 4.25% per annum on the advance payment sum from 5 July 2022 until settlement of the property.

On 8 July 2022, NPR announced the exchange of a contract for the Underwood Acquisition of a LFR property in metropolitan Brisbane, Queensland. The stapled group made a deposit of $2,850,000 for this property to the seller on 11 July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the stapled group's operations, the results of those operations, or the stapled group's state of affairs in future financial years.

Likely developments and expected results of operations

The stapled group will continue to be managed in accordance with its existing investment objectives and guidelines.

The results of the stapled group will be affected by a number of factors, including the performance of investment markets in which the stapled group invests and macroeconomic factors including interest rates. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Environmental regulation

The directors are satisfied that adequate systems are in place to manage the group's environmental responsibility and compliance with regulations. The directors are not aware of any material breaches of environmental regulations and, to the best of their knowledge and belief, all activities have been undertaken in compliance with environmental requirements.

Information on current directors

Name:	Michael Doble
Title:	Chairperson and Independent Non-Executive Director
Age:	60
Qualifications:	Michael holds a Graduate Diploma in Applied Finance & Investment, an Associate Diploma in Valuations and a Bachelor of Business.
Experience and expertise:	Michael has over 36 years' experience in the property industry in Australia. He has recently retired from the Board of Think Childcare (Developments) after it was taken over and delisted and sits on the Advisory Board of real estate financier Monark Property. Michael's executive career spans property valuation and funds management, where he held senior roles at Knight Frank, ANZ Funds Management and APN. At APN, Michael managed multi-billion dollar investment portfolios including pure AREIT, hybrid (listed and unlisted) and Asian REIT funds.
Other current directorships:	Nil
Former directorships (last 3 years):	Think Childcare (Developments)
Special responsibilities:	Chairperson and member of ARCC
Interests in units:	56,530

Name:	Melinda Snowden
Title:	Independent Non-Executive Director
Age:	55
Qualifications:	Melinda holds a Bachelor of Economics and a Bachelor of Laws from the University of Sydney, is a Fellow of FINSIA and is a graduate member of the Australian Institute of Company Directors.
Experience and expertise:	Melinda has over 28 years' experience in finance and has been a professional non-executive director since 2010 in a broad range of industries. Prior to her non-executive career, she held investment banking roles with Grant Samuel, Merrill Lynch, and Goldman Sachs and was a solicitor in the corporate division of Herbert Smith Freehills.
Other current directorships:	Melinda is currently a Non-Executive Director and Chair of the Audit and Risk Committee of ASX listed companies WAM Leaders Limited, Best & Less Group Holdings Limited and Megaport Limited. Melinda is also currently a Non-Executive Director and Chair at LLS Fund Services Pty Ltd, an advisory board member of Yarno, a SaaS compliance and education provider as well as a member of the Finance, Risk and Audit Committees of Rookwod General Cemetery, Northern Metropolitan Cemeteries Land Manager and Southern Metropolitan Land Manager.
Former directorships (last 3 years):	Melinda has held previous non-executive director roles at Sandon Capital Investments Limited, Mercer Investments (Australia) and Kennards Self Storage, MLC and Vita Group
Special responsibilities:	Member of Audit, Risk and Compliance Committee
Interests in units:	15,000

Name:	Andrew Erikson
Title:	Independent Non-Executive Director
Age:	66
Qualifications:	Andrew holds a Bachelor of Laws (Honours) from The University of Melbourne.
Experience and expertise:	Andrew was a distinguished property lawyer with over 40 years' experience in real estate development and investment in Australia and around the world, having spent time in Europe, the UK and the US. Most recently a partner at King & Wood Mallesons (retired 31 December 2020), he was highly sought after for his legal expertise and regularly nominated as a top lawyer in the area of real estate by Chambers Asia Pacific and Chambers Global Legal 500 Asia Pacific. and has previously been a member of the Urban Development Institute of Australia, Property Council of Australia and Law Institute of Victoria.
Other current directorships:	Andrew is a director of Springfield City Group Pty Ltd
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in units:	50,000

Name:	Christopher Langford
Title:	Joint Managing Director
Age:	59
Qualifications:	Chris holds a Bachelor of Architecture from The University of Melbourne.
Experience and expertise:	Chris is currently Executive Director and Joint Managing Director of Newmark Group, having co-founded the firm with Simon T. Morris in 2011. During his 30-year career across commercial property investment, development and management, he has held executive leadership roles at Lend Lease and Mirvac and has managed his own property consulting business. Chris was a member of the AFL Commission from 1999 to 2016
Other current directorships:	Nil
Former directorships (last 3 years):	Chris has held directorships at RCL Group and Macarthur Cook Limited.
Special responsibilities:	Nil
Interests in units:	48,728

Name:	Mark Allan
Title:	Non-executive Director
Age:	49
Qualifications:	Mark is a Chartered Accountant and holds a Master of Taxation from The University of Melbourne and a Bachelor of Business (Accounting) from Monash University.
Experience and expertise:	Mark has over 25 years' experience in investment management, corporate advisory and property having held senior roles at Ernst & Young and Deloitte, where he was Executive Director and Partner, respectively.
Other current directorships:	He is currently CEO of private investment firm, Galabay, and is a Non-Executive Director and Responsible Manager of Newmark Capital Limited.
Former directorships (last 3 years):	He has also held the role of Non-Executive Director at property fund manager, Placer Property, where he was also Chairman of the Compliance Committee.
Special responsibilities:	Member of Audit, Risk and Compliance Committee
Interests in units:	27,323

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Peter Jeffery Hulbert is the Company Secretary of Newmark REIT Management Limited and General Manager, Legal of Newmark Group.

Peter is highly skilled and experienced in corporate law, governance, compliance and risk management with over 18 years' experience in the legal and property funds management industries, including listed, unlisted, retail, wholesale, open-ended and fixed term funds and alternative investment vehicles. Peter has developed strong capabilities in managing complex corporate and fund transactions, diverse stakeholders and regulatory engagement. Peter has previously held positions as General Counsel and Company Secretary of Arena REIT and Arena Investment Management and is a barrister and solicitor of the Supreme Court of Victoria.

Peter holds a Bachelor of Business (Management) and Bachelor of Laws, both from Monash University.

Meetings of Responsible Entity
The number of meetings of the Board of the Responsible Entity ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director of the Board were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Doble	18	18	-	-	3	3
Melinda Snowden	17	18	-	-	2	3
Andrew Erikson	18	18	-	-	-	-
Christopher Langford	18	18	-	-	3	3
Simon T Morris *	3	4	-	-	-	-
Mark Allan	18	18	-	-	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Simon T Morris resigned on 12 November 2021

Securities under option
There were no unissued securities of NPR under option outstanding at the date of this report.

Securities issued on the exercise of options
There were no securities of NPR issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers
During the financial year, the Responsible Entity paid a premium in respect of a contract to insure its directors and executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The stapled group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the stapled group or any related entity against a liability incurred by the auditor.

During the financial year, the stapled group has not paid a premium in respect of a contract to insure the auditor of the stapled group or any related entity.

Proceedings on behalf of the Stapled Group
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the stapled group, or to intervene in any proceedings to which the stapled group is a party for the purpose of taking responsibility on behalf of the stapled group for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 21 to the financial statements.

The directors of the Responsible Entity are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the reasons set out in the Auditors independence declaration.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Responsible Entity's report.

This report is made in accordance with a resolution of the Board of the Responsible Entity pursuant to section 298(2)(a) of the *Corporations Act 2001.*

Michael Doble
Chairperson

11 August 2022
Melbourne

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF NEWMARK REIT MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR NEWMARK HARDWARE TRUST AND NEWMARK CAPITAL (CHADSTONE) PROPERTY TRUST

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 11 August 2022

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Newmark Property REIT
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Revenue and other income	6	24,191,464	14,646,040
Net fair value remeasurement of investment properties	12	38,083,612	6,784,353
Remeasurement of derivatives to fair value	7	2,880,094	203,284
Expenses			
Borrowing costs amortisation		(744,537)	(623,429)
Custodian fees		(68,901)	(68,936)
Finance costs		(3,741,772)	(2,985,879)
Legal and professional fees		(604,425)	(90,424)
Listing costs		(2,173,025)	(1,876,867)
Management fees		(2,609,205)	(1,495,001)
Other expenses		(344,537)	(359,979)
Performance fees		-	(813,930)
Property expenses		(2,943,874)	(1,771,704)
Registry fees		(75,071)	(137,300)
Profit for the year		51,849,823	11,410,228
Other comprehensive income for the year		-	-
Total comprehensive income for the year		51,849,823	11,410,228
Profit for the year is attributable to:			
Non-controlling interests		2,985,590	-
Owners of Newmark Hardware Trust		48,864,233	11,410,228
		51,849,823	11,410,228
Total comprehensive income for the year is attributable to:			
Non-controlling interest		2,985,590	-
Owners of Newmark Hardware Trust		48,864,233	11,410,228
		51,849,823	11,410,228
		Cents	**Cents**
Basic earnings per security	30	25.67	13.47
Diluted earnings per security	30	25.67	13.47

Total comprehensive income attributable to non-controlling interest represents the results of Newmark Capital (Chadstone) Property Trust, being an entity that is stapled to the units of Newmark Hardware Trust to form Newmark Property REIT.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Newmark Property REIT
Statement of financial position
As at 30 June 2022

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	8	5,275,909	754,046
Trade and other receivables	9	616,068	359,225
Other assets	10	1,919,990	466,572
Total current assets		7,811,967	1,579,843
Non-current assets			
Derivative financial assets	11	2,880,094	-
Investment properties	12	487,382,474	320,750,000
Other assets	10	-	813,688
Total non-current assets		490,262,568	321,563,688
Total assets		498,074,535	323,143,531
Liabilities			
Current liabilities			
Trade and other payables	13	1,833,580	2,307,754
Borrowings	14	-	47,308,411
Distributions payable		4,232,407	2,004,506
Revenue received in advance		1,829,011	1,132,834
Total current liabilities		7,894,998	52,753,505
Non-current liabilities			
Borrowings	14	129,779,539	116,462,324
Total non-current liabilities		129,779,539	116,462,324
Total liabilities		137,674,537	169,215,829
Net assets		360,399,998	153,927,702
Equity			
Attributable to parent unitholder interests			
Issued capital	15	224,119,254	117,044,876
Retained earnings		74,002,263	36,882,826
Parent entity interest - owners of Newmark Hardware Trust		298,121,517	153,927,702
Attributable to non-controlling interests			
Issued capital	16	49,518,398	-
Retained earnings	16	12,760,083	-
Non-controlling interests - owners of Newmark Capital (Chadstone) Property Trust		62,278,481	-
		360,399,998	153,927,702

The current period's financial position is that of the stapled group and therefore incorporates the financial position of both Newmark Hardware Trust (and its controlled entities) and Newmark Capital (Chadstone) Property Trust. The comparative period represents the financial position of the Newmark Hardware Trust and its controlled entities prior to the stapling arrangement implemented on 8 December 2021.

The above statement of financial position should be read in conjunction with the accompanying notes

Newmark Property REIT
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2020	67,805,682	32,031,537	-	99,837,219
Profit for the year	-	11,410,228	-	11,410,228
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	11,410,228	-	11,410,228
Transactions with security holders in their capacity as security holders:				
Units issued	59,566,175	-	-	59,566,175
Units redeemed	(10,326,981)	-	-	(10,326,981)
Distributions paid (note 17)	-	(6,558,939)	-	(6,558,939)
Balance at 30 June 2021	117,044,876	36,882,826	-	153,927,702

Consolidated	Issued capital $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	117,044,876	36,882,826	-	153,927,702
Profit for the year	-	48,864,233	2,985,590	51,849,823
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	48,864,233	2,985,590	51,849,823
Transactions with security holders in their capacity as owners:				
Unit applications prior to stapling (note 15)	28,235,437	-	-	28,235,437
Unit redemptions prior to stapling (note 15)	(22,258,363)	-	-	(22,258,363)
Units issued on completion of stapling arrangement (note 15)	101,097,304	-	-	101,097,304
Initial recognition of unitholder capital in Newmark Capital (Chadstone) Property Trust	-	-	61,180,630	61,180,630
Distributions paid (note 17)	-	(11,744,796)	(1,887,739)	(13,632,535)
Balance at 30 June 2022	224,119,254	74,002,263	62,278,481	360,399,998

The current year's statement of changes in equity incorporates the stapling of units of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust on 8 December 2021 and therefore reflects the equity of the stapled group for the year ended 30 June 2022. The comparative year represents the statement of changes in equity of the Newmark Hardware Trust (and its controlled entities) for the year ended 30 June 2021 (prior to the stapling arrangement).

The above statement of changes in equity should be read in conjunction with the accompanying notes

Newmark Property REIT
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 $	30 June 2021 $
Cash flows from operating activities			
Rental and outgoings received (inclusive of GST)		23,386,867	14,996,850
Payments to suppliers (inclusive of GST)		(10,324,920)	(8,910,427)
Interest received		-	277,835
Interest and other finance costs paid		(3,741,772)	(2,800,987)
Net cash from operating activities	28	9,320,175	3,563,271
Cash flows from investing activities			
Payments for investment property		(47,562,627)	(101,503,449)
Payments to Responsible Entity for acquisition costs		-	(1,320,000)
Net cash acquired on stapling of NCP		299,585	-
Net cash used in investing activities		(47,263,042)	(102,823,449)
Cash flows from financing activities			
Proceeds from borrowings		-	56,649,172
Repayment of borrowings		(76,094,442)	-
Payment of borrowing costs		-	(1,248,628)
Settlement of interest rate swap		-	(3,366,552)
Proceeds from issued capital (net of transaction costs)		152,750,545	59,566,175
Redemptions of units paid		(22,258,164)	(10,326,981)
Distributions paid		(11,933,209)	(5,931,565)
Net cash from financing activities		42,464,730	95,341,621
Net increase/(decrease) in cash and cash equivalents		4,521,863	(3,918,557)
Cash and cash equivalents at the beginning of the financial year		754,046	4,672,603
Cash and cash equivalents at the end of the financial year	8	5,275,909	754,046

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements are those of Newmark Property REIT as a stapled group consisting of:

(i) Newmark Hardware Trust ('parent entity' or 'NHT') and the entities it controlled at the end of, or during, the financial year; and
(ii) Newmark Capital (Chadstone) Property Trust ('NCP') (collectively referred to as 'Newmark Property REIT', 'group', 'stapled group' or 'NPR') (refer to note 2).

The financial statements are presented in Australian dollars, which is NPR's functional and presentation currency.

The trusts comprising the Newmark Property REIT stapled group are managed investment schemes registered in Australia. The governing body and responsible entity of the schemes is Newmark REIT Management Limited ('the Responsible Entity'). Its registered office and principal place of business is:

Level 17, 644 Chapel Street
South Yarra
Victoria, 3141

A description of the nature and results of the stapled group's operations and its principal activities are included in the Responsible Entity's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Responsible Entity, on 11 August 2022.

Note 2. Stapling of securities of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust and ASX Listing of Newmark Property REIT

The trust units of NHT have been stapled to the trust units of NCP resulting in stapled securities being held by all investors. The units of both trusts must therefore be traded together as one security. The stapled securities, known as Newmark Property REIT, were admitted to the official list of the ASX on 8 December 2021 with the ASX code NPR. NHT and NCP remain separate managed investment schemes in accordance with the Corporations Act 2001.

As NHT has been identified as the parent entity in relation to the stapling transaction in accordance with AASB 3 'Business Combinations', the consolidated financial statements of NPR represent a continuation of the consolidated financial statements of NHT. The contributed equity and retained earnings of NCP are shown as non-controlling interests in these financial statements even though the equity holders of NCP (the acquiree) are also equity holders in NHT (the acquirer) by virtue of the stapling arrangement. Refer to note 26 for further details.

Financial report of Newmark Capital (Chadstone) Property Trust
As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, the financial statements of NCP are presented as a separate section to this financial report.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The stapled group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There are no new or amended standards that are deemed to be material for the current financial year.

There are no new or amended Accounting Standards or Interpretations that are not yet mandatory that have been early adopted.

Note 3. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the stapled group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the stapled group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NHT as at 30 June 2022 and the results of all subsidiaries for the year then ended. NHT, its subsidiaries and stapled entities together are referred to in these financial statements as the 'stapled group'.

Subsidiaries are all those entities over which the stapled group has control. The stapled group controls an entity when the stapled group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the stapled group. They are de-consolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between entities in the stapled group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the stapled group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interests acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the stapled group. Losses incurred by the stapled group are attributed to the non-controlling interests in full, even if that results in a deficit balance.

Where the stapled group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interests in the subsidiary together with any cumulative translation differences recognised in equity. The stapled group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3. Significant accounting policies (continued)

Revenue recognition
The stapled group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the stapled group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the stapled group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term for leases with fixed rate or guaranteed minimum rent review clauses, net of incentives. Contingent rentals are recognised as income in the period when earned.

Recoverable outgoings
The stapled group recognises direct and indirect outgoings as revenue based on actual costs incurred by the stapled group in accordance with the terms of the related leases on an accrual basis and billed monthly in arrears. Actual costs recoverable reflect the service provided, generally by external service and utility providers. The outgoings recoverable are recognised over the period the services are provided.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
Under current Australian income tax legislation, the stapled group is not liable to pay income tax provided the Responsible Entity has distributed all the taxable income of the stapled group to unit holders.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the stapled group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the stapled group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 3. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The stapled group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivative financial instrument is classified at fair value through profit or loss.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the stapled group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The stapled group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the stapled group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the stapled group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Note 3. Significant accounting policies (continued)

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the stapled group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowing costs
Costs in relation to borrowings are capitalised and amortised on a straight-line basis over the period of the finance arrangement.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the stapled group has a present (legal or constructive) obligation as a result of a past event, it is probable the stapled group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement
When a financial or non-financial asset or liability is measured at fair value for recognition or disclosure purposes, the fair value is based on, as applicable, the price that would be received to sell the asset or the price paid to transfer the liability in an orderly transaction between market participants at the measurement date and on the assumption that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market available.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 3. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction from the proceeds.

Distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Responsible Entity, on or before the end of the financial year but not distributed at the reporting date.

Earnings per securities

Basic earnings per securities

Basic earnings per unit is calculated by dividing the profit attributable to the security holders of NPR, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the financial year.

Diluted earnings per securities

Diluted earnings per securities adjusts the figures used in the determination of basic earnings per securities to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the stapled group for the annual reporting period ended 30 June 2022. The stapled group has not yet conducted a full assessment of the impact of these new or amended Accounting Standards and Interpretations, however, based on the current operations of the stapled group, preliminary analysis indicates that no standard will have a material impact on the financial statements. The standards that may have some relevance are as follows:

Note 3. Significant accounting policies (continued)

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2023, as extended by AASB 2020-6. Early adoption is permitted. This standard amends AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3 was issued in June 2020 and is applicable to annual periods beginning on or after 1 January 2022. Early adoption is permitted. This standard amends certain accounting standards including:
- AASB 9 'Financial Instruments' – the amendments clarify the net fees paid or received to be included in the present value calculations of cash flows of debt instruments for the purposes of ascertaining extinguishment where there has been a change in terms as well as clarifying the treatment of costs or fees both on extinguishment of a debt instrument or in cases where a modified debt instrument has not been extinguished;
- AASB 116 'Property, Plant and Equipment' – requires an entity to recognise the sales proceeds of items produced, and their related cost in profit or loss where such items relate to property, plant and equipment which is being prepared for its intended use (instead of deducting the net proceeds from the cost of the asset). The related costs shall be measured in accordance with AASB 102. Additional related disclosures are now required;
- AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' – clarifies that the unavoidable costs of meeting obligations in an onerous contract include both the incremental costs of fulfilling the contract such as direct labour and materials and an allocation of other costs related directly to fulfilling the contract such as depreciation.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted. This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:
- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Parent entity of the stapled group
On 8 December 2021, as part of the formation of Newmark Property REIT, the equity of NHT was stapled to the equity of NCP which resulted in NHT being deemed as the parent entity for accounting purposes under accounting standard AASB 3 Business Combinations. NCP was therefore deemed as a subsidiary of NHT for accounting purposes as from that date.

Accordingly the following amounts are represented in the financial statements:

	12 months to 30 June 2022	**12 months to 30 June 2021**
Statement of Comprehensive Income Statement of Changes in Equity Statement of Cash Flows	5 months NHT and 7 months NHT + NCP	NHT only
Underlying Earnings	5 months NHT and 7 months NHT + NCP	NHT only
Balance Sheet as at year end	NHT + NCP	NHT only

Further information on the combination and the net assets acquired can be found in note 26.

The presentation of certain items has also been adjusted as necessary to provide more meaningful information in the context of the stapled group. Where the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified unless it is impractical. The adjustments made to the presentation of items had no impact on the net assets or net profit of the stapled group.

Investment property valuation
Investment properties are measured at fair value. Fair values have been determined in accordance with the fair value measurement hierarchy. The fair value assessment of investment property as at 30 June 2022 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance, however, the future impacts of the COVID-19 pandemic are unknown and may impact property valuations.

While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the fair value assessment of the Trust's portfolio as at the reporting date includes the best estimate of the impacts of the COVID-19 pandemic using information available at the time of preparation of the financial statements and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may impact the fair value of the Trust's portfolio.

Refer to note 19 for the details of key assumptions and inputs in measuring fair value.

Fair value measurement hierarchy
The stapled group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 5. Operating segments

Identification of reportable operating segments
The stapled group comprises a portfolio of 8 high-quality LFR commercial properties commercial properties in metropolitan, urban centre and key regional locations along the eastern seaboard of Australia.

The stapled group consists of NHT and NCP. NHT comprises a portfolio of seven high-quality commercial properties that includes the Preston property that is currently under construction and expected to be completed in December 2022. NCP is a single asset property trust that owns the Chadstone Homeplus Homemaker Centre in Victoria, which also has Bunnings as its major tenant.

Based on the internal reports reviewed and used by the Fund Manager, Newmark Property Funds Management Pty Ltd (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources, the stapled group is organised into 2 operating segments being NHT and NCP. In the prior reporting period, the NHT consolidated entity was not stapled to NCP and hence NHT was considered a single segment.

The segments exhibit similar long-term financial performance and have similar economic characteristics in that both offer large format retail tenancies to large retail businesses. The two segments have been aggregated as separate disclosure of segmental financial information would not produce any incremental benefit to enable users of the financial statements to evaluate the nature and financial effects of the business activities and economic environments in which the stapled group operates.

The aggregated operating segment information is therefore the same information as disclosed in these financial statements of the stapled group and is therefore not duplicated as a separate segment note.

The CODM reviews FFO on a monthly basis, being cash flows generated by the operations of the stapled group. This is derived as Net profit with non-cash items and financing related cash flows added back. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Intersegment transactions
There were no intersegment operating transactions made during the financial period.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. The intersegment financing loan is at market rates based on the syndicated loan. Intersegment loans are eliminated on consolidation. The intersegment operating loan is interest-free.

Major customers
During the year ended 30 June 2022 approximately 64.1% (30 June 2021: 64.8%) of the stapled group's external revenue was derived from Bunnings Group Limited tenancies.

Note 6. Revenue and other income

	Consolidated	
	30 June 2022 $	**30 June 2021 $**
Rental income	20,933,153	12,413,520
Straight line rental adjustment	486,236	432,299
Recoverable outgoings	2,069,803	1,254,598
Interest income	661,405	277,835
Other income	40,867	267,788
Revenue and other income	24,191,464	14,646,040

Disaggregation of income

The revenue from property rental and other property income is recognised on a straight-line basis over the lease term. Recoverable outgoings are recognised when the right to recover property charges arises. All revenue is generated within Australia.

Note 7. Remeasurement of derivatives to fair value

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Remeasurement to fair value of derivatives	2,880,094	203,284

The net fair value gain in relation to derivative financial instruments of $2,880,094 (30 June 2021: $203,284) arose as a result of the revaluation of interest rate cap hedging instruments.

Note 8. Cash and cash equivalents

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Current assets		
Cash at bank	5,275,909	754,046

Note 9. Trade and other receivables

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Current assets		
Trade receivables	621,274	-
Less: Allowance for expected credit losses	(5,206)	-
	616,068	-
Other receivables	-	359,225
	616,068	359,225

Allowance for expected credit losses
The stapled group has recognised a gain of $12,011 (30 June 2021: nil) in the statement of profit or loss and other comprehensive income in respect of the expected credit losses for the year ended 30 June 2022. The expected credit losses recognised represent the lifetime expected credit losses of the trade receivable balance.

The ageing of the receivables for above are as follows:

	Consolidated	
	30 June 2022	30 June 2021
	$	$
0 to 3 months overdue	604,115	-
3 to 6 months overdue	11,953	-
Over 6 months overdue	-	-
	616,068	-

Note 9. Trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Opening balance	-	-
Additions through business combinations	17,217	-
Unused amounts reversed	(12,011)	-
Closing balance	5,206	-

Note 10. Other assets

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Current assets		
Accrued revenue	1,182,153	424,459
Prepayments	737,837	42,113
	1,919,990	466,572
Non-current assets		
Prepayments	-	313,688
Investment property deposits	-	500,000
	-	813,688
	1,919,990	1,280,260

Accrued revenue relates to the coupon payable for the Preston property.

Note 11. Derivative financial assets

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Non-current assets		
Interest rate cap hedging instruments	2,880,094	-

Note 12. Investment properties

	Consolidated	
	30 June 2022 $	30 June 2021 $
Non-current assets		
Investment properties - at fair value	472,250,000	305,750,000
Investment property - under construction	15,132,474	15,000,000
	487,382,474	320,750,000

Reconciliation
Reconciliation of investment properties at the beginning and end of the current and previous financial year are set out below:

	30 June 2022 $	30 June 2021 $
Opening balance	320,750,000	217,000,000
Purchases	43,587,000	90,000,000
Capitalised acquisition costs	4,475,626	6,533,348
Straight line rental adjustment	486,236	432,299
Revaluation increments	38,083,612	6,784,353
Additions from NCP at time of stapling	80,000,000	-
Closing balance	487,382,474	320,750,000

Additions
On 20 August 2021, NHT completed the acquisition of the Melton Bunnings property for a price of $43,587,000. The acquisition was settled through a combination of debt and equity.

In July 2022, the stapled group announced the acquisition of the Underwood LFR property in Brisbane for a price of $57.0 million. The acquisition will be funded via the stapled group's existing debt facility. Settlement is expected to occur in September 2022.

Valuations of investment properties
The basis of the valuation of investment properties is fair value. The scheme documents of each of NHT and NCP require its investment properties to be independently valued at least once every three years or more frequent if required by a lender. In the intervening years, the property valuations may be revised according to the Responsible Entity's assessment of the property market.

Independent valuations of the Eastgardens, Lake Haven, Launceston, Maroochydore, Preston, Melton and Warragul properties were obtained as at 30 April 2022 whilst a valuation of Chadstone was obtained as at 30 June 2022. These valuations were provided by independent valuers each being a member of the Australian Property Institute and having adequate experience in the location and category of the respective investment property being valued.

For further information on valuations, refer to note 19.

Investment properties pledged as security

The investment properties have been provided as security over the borrowings of the stapled group. Refer to note 14 for further details.

Note 12. Investment properties (continued)

Lease payments receivable

	Consolidated	
	30 June 2022 $	30 June 2021 $
Minimum undiscounted lease payments receivable but not recognised in the financial statements:		
Year 1	23,835,427	15,666,501
Year 2	24,468,812	15,697,953
Year 3	24,749,097	15,693,781
Year 4	24,775,157	16,002,369
Year 5	20,008,714	16,114,402
Over 5 years	76,783,876	41,159,052
	194,621,083	120,334,058

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the stapled group is a lessor is recognised on a straight-line basis over the lease term.

Note 13. Trade and other payables

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current liabilities		
Trade payables	239,696	-
Amounts payable to related parties	-	813,930
BAS payable	381,608	110,179
Sundry creditors and accruals	1,212,276	1,383,645
	1,833,580	2,307,754

Refer to note 18 for further information on financial instruments.

Note 14. Borrowings

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current liabilities		
Bank loans	-	47,308,411
Non-current liabilities		
Bank loans	129,779,539	116,462,324
	129,779,539	163,770,735

Refer to note 18 for further information on financial instruments.

Note 14. Borrowings (continued)

The bank loan balance comprises the following components:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Drawn down loan facility	130,730,421	164,450,000
Capitalised borrowing costs	(2,286,792)	(1,302,694)
Amortised borrowing costs	1,335,910	623,429
	129,779,539	163,770,735

Assets pledged as security
The carrying amounts of assets pledged as security for borrowings are:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Investment properties (note 12)	472,250,000	320,750,000

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Total facilities		
Bank loans	215,000,000	163,770,735
Used at the reporting date		
Bank loans	130,730,332	163,770,735
Unused at the reporting date		
Bank loans	84,269,668	-

NPR's financing arrangement as at 30 June 2022 consist of a syndicated finance facility provided by Commonwealth Bank and Westpac Banking Corporation. The total facility limit amounts to $215.0m The bank facilities were modified on 15 December 2021 for a further term of three years expiring 15 December 2024.

On 5 July 2022, a drawdown of $16.0 million was completed from this facility to fund the advance payment and related transaction costs in relation to the Preston property.

Note 15. Issued capital

	Consolidated			
	30 June 2022 Units	**30 June 2021 Units**	**30 June 2022 $**	**30 June 2021 $**
Ordinary units - fully paid	-	89,089,167	-	117,044,876
Stapled securities - fully paid	181,648,296	-	224,119,254	-
	181,648,296	89,089,167	224,119,254	117,044,876

Movements in ordinary issued capital

Details	**Date**	**Units**	**$**
Balance	1 July 2021	89,089,167	117,044,876
Units issued		14,734,938	28,235,237
Units redeemed		(11,310,058)	(22,258,163)
Units issued to NCP to facilitate stapling	8 December 2021	21,420,200	-
Transfer to stapled securities	8 December 2021	(113,934,247)	(123,021,950)
Balance	30 June 2022	-	-

The average issue and redemption price of NHT units during the period was $1.93.

Movements in stapled securities

Details	**Date**	**Units**	**$**
Balance	1 July 2021	-	-
Transfer from Newmark Hardware Trust ordinary units at date of stapling	8 December 2021	113,934,247	123,021,950
New securities issued in relation to initial public offering	8 December 2021	67,714,049	105,018,051
Capital raising costs	8 December 2021	-	(3,920,747)
Balance of stapled securities	30 June 2022	181,648,296	224,119,254

During the period, NPR raised capital under an initial public offering of 67,714,049 newly issued stapled securities issued at $1.895 per security. NHT's net allocation of funds from the initial public offering was $101,095,304.

For the purposes of financial statement preparation, the stapling of NHT and NCP has been accounted for as an acquisition with the unit capital of NCP presented as non-controlling interests.

Ordinary units
Ordinary units relates to NHT prior to the stapling event. Ordinary units entitle the holder to participate in distributions and any proceeds attributable to unitholders should the trust be wound up in proportions that consider both the number of units held and the extent to which those units are paid up. The fully paid ordinary units have no par value and the trusts do not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

Stapled securities
Stapled securities represent the stapling of the ordinary units of NHT to the ordinary units of NCP. Stapled securities are listed on the ASX under code NPR. They entitle the holder to participate in distributions of the stapled group.

On-market buy-back
On 6 June 2022 NPR announced an on-market buy-back for up to 5,449,448 stapled securities to occur between 21 June 2022 and 20 June 2023.

Note 15. Issued capital (continued)

Capital risk management
The stapled group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for stapled security holders and to maintain an optimum capital structure.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the stapled group may adjust the amount of distributions paid to stapled security holders, return capital to stapled security holders, issue new securities or sell assets to reduce debt.

The stapled group would look to raise capital when an opportunity to invest in a property, business or company was seen as in the best interests of security holders.

The stapled group is subject to certain financing arrangement covenants under its syndicated debt facilities and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the PDS dated 16 November 2021 which related to the formation of the stapled group.

Note 16. Non-controlling interest

	Consolidated	
	30 June 2022 $	30 June 2021 $
Issued capital	49,518,398	-
Retained profits	12,760,083	-
	62,278,481	-

Non-controlling interests represent the equity interest of unitholders in Newmark Capital (Chadstone) Property Trust.

Note 17. Distributions

Distributions paid/payable during the financial year were as follows:

	30 June 2022 $	30 June 2021 $
Newmark Hardware Trust		
Distribution for year ended 30 June 2021 9.0 cents per ordinary unit	-	6,558,939
Distributions for the period 1 July 2021 to 7 December 2021 of 3.89 cents per ordinary unit	3,753,915	-
Distributions for the period 8 December to 31 December 2021 of 0.68 cents per stapled security	990,743	-
Distribution for the period 1 January to 30 March 2022 of 2.41 cents per stapled security	3,563,425	-
Distribution declared for the period 1 April to 30 June 2022 of 2.41 cents per stapled security	3,436,713	-
	11,744,796	6,558,939

Note 17. Distributions (continued)

	30 June 2022 $	30 June 2021 $
Newmark Capital (Chadstone) Property Trust		
Distributions for the period 8 December to 31 December 2021 of 0.13 cents per stapled security	274,628	-
Distribution for the period 1 January to 30 March 2022 of 0.45 cents per stapled security	817,418	-
Distribution declared for the period 1 April to 30 June 2022 of 0.45 cents per stapled security	795,693	-
	1,887,739	-

	Consolidated	
	30 June 2022 $	30 June 2021 $
Newmark Hardware Trust	11,744,796	6,558,939
Newmark Capital (Chadstone) Property Trust	1,887,739	-
	13,632,535	6,558,939

Note 18. Financial instruments

Financial risk management objectives

The stapled group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The stapled group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the stapled group. The stapled group uses derivative financial instruments such as interest rate cap hedging instruments to hedge interest rate risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The stapled group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of the Responsible Entity ('the Board'). These policies include identification and analysis of the risk exposure of the stapled group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the stapled group's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk
The stapled group is not exposed to foreign currency risk.

Price risk
The stapled group is not exposed to any significant price risk.

Interest rate risk
The stapled group's main interest rate risk arises from medium-term borrowings. Borrowings obtained at variable rates expose the stapled group to interest rate risk. Borrowings obtained at fixed rates expose the stapled group to fair value interest rate risk.

Interest rate cap hedging instruments
The policy of the stapled group is to hedge approximately 50% - 100% of its borrowings.

During the year, the stapled group entered into Interest rate cap hedging instruments with a notional underlying value of $100 million that terminate between February 2024 and March 2025.

Note 18. Financial instruments (continued)

Bank loans outstanding totalling $130,730,332 (30 June 2021: $163,770,735), are principal and interest payment loans.

An official increase/decrease in interest rates of +/-100 basis points (30 June 2021 +/-100 basis points) would have an adverse/favourable effect on profit before tax of $1,307,000 (30 June 2021 : $1,271,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

In addition, no minimum principal repayment (30 June 2021 : $47,450,000) was due during the year ending 30 June 2022.

	Basis points increase			Basis points decrease		
Consolidated - 30 June 2022	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank borrowings	100	(1,307,000)	(1,307,000)	100	1,307,000	1,307,000

	Basis points increase			Basis points decrease		
Consolidated - 30 June 2021	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Bank borrowings	100	(1,271,000)	(1,271,000)	100	1,271,000	1,271,000

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the stapled group. The stapled group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The stapled group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date for recognised financial assets is their carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The stapled group does not hold any collateral. The stapled group is confident that trade and other receivables will be recoverable.

The ageing of the receivables (net of provision for credit losses) is as follows:

	Consolidated	
	30 June 2022 $	**30 June 2021 $**
0 to 3 months overdue	4,779	-
3 to 6 months overdue	599,336	-
Over 6 months overdue	11,953	-
	616,068	-

Maturity analysis of other financial asset:

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Derivatives						
Interest rate cap hedging instruments	-	-	1,175,445	1,704,649	-	2,880,094

Note 18. Financial instruments (continued)

Liquidity risk
Vigilant liquidity risk management requires the stapled group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The stapled group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
At the reporting date NPR had undrawn borrowing facilities of $84,269,668.

Subject to the continuance of satisfactory credit ratings, the bank syndicated debt facilities may be drawn at any time and will expire in December 2024.

Remaining contractual maturities
The following tables detail the stapled group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,833,580	-	-	-	1,833,580
Interest-bearing - variable						
Bank loans	0.67%	-	-	130,730,332	-	130,730,332
Total non-derivatives		1,833,580	-	130,730,332	-	132,563,912

Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	2,307,754	-	-	-	2,307,754
Interest-bearing - variable						
Bank loans	0.51%	47,450,000	-	117,000,000	-	164,450,000
Total non-derivatives		49,757,754	-	117,000,000	-	166,757,754

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Fair value measurement

Fair value hierarchy
The following tables detail the stapled group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 30 June 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment properties	-	-	472,250,000	472,250,000
Interest rate cap hedging instruments	-	2,880,094	-	2,880,094
Total assets	-	2,880,094	472,250,000	475,130,094

Consolidated - 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment properties	-	-	305,750,000	305,750,000
Total assets	-	-	305,750,000	305,750,000

There were no transfers between levels during the 2022 financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3
interest rate cap hedging instruments have been valued with reference to the syndicated debt facility provider's pricing models. Interest rate cap hedging instruments are valued with reference to market date and are dependent on strike, underlying curve, time, volatility and interest rates.

The basis of the valuations are based on current prices in active markets for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates, returns on investment and the uncertainty created by COVID-19. Any changes in estimates impacts the carrying value of investment property and the fair value adjustment is recognised in profit or loss.

Impact of the COVID-19 pandemic
While the current economic climate and the impacts of the COVID-19 pandemic in the medium to long term are still uncertain, the fair value assessment of the Trust’s portfolio as at the reporting date includes the best estimate of the impacts of the COVID-19 pandemic using information available at the time of preparation of the financial statements and includes forward looking assumptions. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may impact the fair value of the Trust’s portfolio. The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future income, based on the location, type and quality of the property, which are supported by the terms of any existing leases and other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current leases;
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows; and
- the impact of government support on tenants and rental schemes giving rise to rent deferrals, rent waivers, and eviction moratoriums.

Due to valuation uncertainty, the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on information that is available at balance date.

Note 19. Fair value measurement (continued)

For details of the effect of the recurring remeasurements of investment properties on profit or loss and other comprehensive income for the year, and movement in carrying values for the reporting period, refer to note 12.

Level 3 assets and liabilities - inputs and sensitivities
The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

		Range (weighted average)	
Description	**Unobservable inputs**	**30 June 2022**	**30 June 2021**
Investment property	Capitalisation rate	4.00% to 6.25%	4.13% to 6.25%
	Discount rate	5.25% to 6.75%	5.50% to 6.50%
	Terminal yield	4.25% to 6.50%	4.38% to 6.00%
	Rental growth	1.82% to 2.51%	1.42% to 2.67%

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant).

The sensitivity of property valuations (i.e. increase/(decrease) in fair value) to reasonably possible changes in capitalisation and discount rates is as follows:

		30 June 2022 $	30 June 2021 $
Capitalisation rate movement - increase/(decrease)	minus 50 bps	56,260,270	34,634,460
	minus 25 bps	26,509,720	16,371,780
	plus 25 bps	(23,779,950)	(14,764,240)
	plus 50 bps	(45,237,650)	(28,149,690)

A discount rate decrease of 25 bps and 50 bps would increase the discounted cashflow valuation by 1.9% and 3.9% respectively, and an increase of 25 bps and 50bps in discount rate would decrease the discounted cashflow valuation by 1.9% and 3.7% respectively.

Note 20. Key management personnel disclosures

Compensation

Remuneration of the directors of the Responsible Entity is paid by the Responsible Entity and its related parties and is recovered from NPR as an expense pursuant to the constitutions of each scheme. The directors are not directly provided with any remuneration by the schemes themselves. Directors are not entitled to any equity interests in the schemes, or any rights to, or options for, equity interests in the schemes as a result of the remuneration provided by the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to the directors of the Responsible Entity and the fees paid by the schemes to the Responsible Entity in accordance with the constitutions of each scheme and Product Disclosure Statement. The schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by SW Audit, the auditor of the stapled group:

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Audit services - SW Audit		
Audit or review of the financial statements	80,000	20,000
Other assurance services	10,500	3,000
	90,500	23,000
Other services - SW Accountants & Advisors Pty Ltd		
Taxation services	14,685	6,500
	105,185	29,500

Note 22. Contingent liabilities

The stapled group had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 23. Commitments

NPR has contracted to purchase Preston Bunnings for $85.3 million plus stamp duty and other acquisition costs. As at the date of this report, $30.0 million has been paid with the balance of $55.3 million plus stamp duty and other acquisition costs to be paid upon completion which is forecast for December 2022. In July 2022, NPR entered into a contract to acquire the Underwood property for $57.0 million plus stamp duty and other acquisition costs. Total capital commitments required to settle Bunnings Preston and the Underwood Property under the contracts for sale are $112.3 million plus stamp duty and other acquisition costs.

At the date of this report, NPR has undrawn debt capacity of $68.3 million. NPR has several available options at its disposal and may fund the remaining capital commitments by increasing NPR's debt capacity, raising new equity and/or selling assets.

Note 24. Related party information

Parent entity
Newmark Hardware Trust is the parent entity.

Responsible entity
Newmark Property REIT is managed by Newmark REIT Management Limited ('NRML') as Responsible Entity. The Responsible Entity is entitled to charge a management fee equal to 0.60% per annum of Newmark Property REIT's Gross Asset Value (GAV) (before GST). However, the Responsible Entity has determined that it will not charge a management fee in respect of Newmark Property REIT for so long as the investment manager (Newmark Property Funds Management Pty Ltd ('Investment Manager') charges an investment management fee equal to 0.60% per annum of GAV (before GST) under the Investment Management Agreement in respect of Newmark Property REIT.

In addition, subject to the Corporations Act, the Responsible Entity is entitled to be paid and reimbursed for all administration costs, charges, expenses and outgoings incurred in the proper performance of its duties, as and when incurred.

Newmark Group
Newmark Property Group Pty Ltd ('Newmark Group') and its related entities (being entities associated with directors, shareholders or other related parties, including its controlled entities comprising Newmark Property Funds Management Pty Ltd, Newmark Operations Pty Ltd and Newmark Asset Management Pty Ltd ('Property Manager')) and their associates own approximately 18.2% of the stapled securities of NPR.

Note 24. Related party information (continued)

Investment Manager
The Investment Manager, Newmark Property Funds Management Pty Ltd, a member of the Newmark Group, has been appointed to provide investment management services to NPR in accordance with the investment strategy of NPR, which includes, among other matters, providing strategic management, arranging debt and equity and managing the assets (excluding property management services) of NPR (Investment Management Services).

The Investment Manager is entitled to the following fees:

- (investment management fee) 0.60% of GAV per annum (before GST) for the provision of investment management services which will be payable monthly by the Responsible Entity out of the assets of NPR.
- (acquisition fee) 1.00% of the purchase price (excluding acquisition costs) of any assets acquired by NPR (directly or indirectly) or any controlled sub-trust following completion of such acquisition.
- (finance facility fee) 0.20% of the amount of debt finance arranged by the Investment Manager for NHT, which will be payable upon entering into the relevant finance facility.

The Investment Manager is also entitled to such fees and reimbursements for reasonable expenses incurred as agreed in writing between the Investment Manager and the Responsible Entity relating to the provision of investment management services.

Property Manager
A member of the Newmark Group, Newmark Asset Management Pty Ltd, has been appointed by the Responsible Entity to act as the property manager of NPR under the Property Management Agreement. The Property Manager, with the prior written consent of the Responsible Entity, may sub-contract any or all of the Property Management Services, however in doing so, will retain all rights and liabilities in respect of those services under the Property Management Agreement. The Property Manager is responsible for matters including providing property management services, property accounting services, facilities management services, leasing and lease administration services, sales agency services and project management services to NPR (Property Management Services).

The Property Manager is entitled to the following fees:

– (Property Management Fee): Up to 1.5% of annual gross income for the current portfolio as at 16 November 2021, and up to 3% of annual gross income for any properties acquired after the date of the Property Management Agreement, or such lesser amount as agreed under the Property Management Agreement;
– (New Lease Fee): 15% of the gross rental income for the first year of the lease term where the tenant is a new tenant, or if the lease term is for a period of less than a year, then that lesser period;
– (Lease Renewal Fee): 7.5% of gross rental income for the first year of the lease term with an existing tenant (including renewals), or if the lease term is for a period of less than a year, then that lesser period;
– (Market Review Fee): At market rates determined as a percentage of the increase in gross rental income payable between the year before the rent review date and the year after;
– (Lease Administration Fees): By reference to market rates, subject to a market review on each anniversary of the commencement of the Property Management Agreement;
– (Project Management Fee): Up to 5% of the value of any works (as determined by a quantity surveyor) undertaken;
– (Development Services Fee): 4% of project costs; and
– (Sales Agent Fees): At market rates if the Property Manager acts as a sale agent in respect of a property.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Note 24. Related party information (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Payment for services:		
Payment of management fees to Newmark REIT Management Ltd (30 June 2021: Newmark Capital Ltd) as Responsible Entity	859,196	1,495,001
The following payments were made to Newmark Property Funds Management Pty Ltd as Investment Manager		
- Investment management fee	1,601,951	-
- Acquisition fees	653,805	1,320,000
- Finance facility fee	338,933	224,000
- Reimbursed expenses	120,724	399,880
	2,715,413	1,943,880

Directors' fees
Total directors' fees paid by the Responsible Entity during the current year was $330,000 (2021: 310,000).

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2022 $	30 June 2021 $
Current payables:		
Trade payables to other related party	-	813,960

Director security holdings
The stapled securities held by directors of the Responsible Entity as at 30 June 2022 are as follows:

Director	Stapled securities held
Christopher Langford	48,729
Michael Doble	56,513
Andrew Erikson	50,000
Melinda Snowden	15,000
Mark Allan	27,323
	197,565

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 30 June 2022 $	Parent 30 June 2021 $
Profit	48,864,231	11,410,228
Total comprehensive income	48,864,231	11,410,228

Statement of financial position

	Parent 30 June 2022 $	Parent 30 June 2021 $
Total current assets	6,609,239	1,603,606
Total assets	414,871,808	323,167,294
Total current liabilities	5,762,454	52,777,268
Total liabilities	116,750,293	169,239,592
Net assets	298,121,515	153,927,702
Equity		
Issued capital	224,119,254	117,044,876
Retained profits	74,002,261	36,882,826
Total equity	298,121,515	153,927,702

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments
The parent entity has contracted to purchase Preston Bunnings for $85.3 million plus stamp duty and other acquisition costs. As at the date of this report, $30.0 million has been paid with the balance of $55.3 million plus stamp duty and other acquisition costs to be paid upon completion which is forecast for December 2022. In July 2022, the parent entity entered into a contract to acquire the Underwood property for $57.0 million plus stamp duty and other acquisition costs. Total capital commitments required to settle Bunnings Preston and the Underwood Property under the contracts for sale are $112.3 million plus stamp duty and other acquisition costs.

At the date of this report, the parent entity has undrawn debt capacity of $68.3 million. NPR has several available options at its disposal and may fund the remaining capital commitments by increasing the parent entity's debt capacity, raising new equity and/or selling assets.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the stapled group, as disclosed in note 3.

Note 26. Business combinations

On 8 December 2021 the unit capital of Newmark Hardware Trust was stapled to the unit capital of Newmark Capital (Chadstone) Property Trust to form Newmark Property REIT. The trust units of NHT have been stapled to the trust units of NCP resulting in stapled securities being held by all investors. The units of both trusts must therefore be traded together as one security.

NHT has been identified as the parent entity in relation to the stapling transaction in accordance with AASB 3 'Business Combinations'. The consolidated financial statements of NPR represent a continuation of the consolidated financial statements of NHT. The contributed equity and retained earnings of NCP are shown as non-controlling interests in these financial statements even though the equity holders of NCP (the acquiree) are also equity holders in NHT (the acquirer) by virtue of the stapling arrangement.

No consideration was transferred for the business combination, and hence there is no goodwill or bargain purchase gain recognised. Since the acquisition date, NCP generated a net profit of $2,985,590. If the acquisition had occurred on 1 July 2021, the full year contributions would have been revenues of $6,702,029 and profit after tax of $3,323,031.

At the date of stapling, the assets and liabilities of NCP were as follows:

	Fair value $
Cash and cash equivalents	299,585
Prepayments	154,796
Investment property	80,000,000
Trade payables	(804,469)
Bank loans	(41,358,709)
Distribution payable	(528,575)
Acquisition-date fair value of the total consideration transferred	37,762,628
Representing:	
- Issued Capital	26,100,395
- Retained Earnings	11,662,233
	37,762,628

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**30 June 2022 %**	**30 June 2021 %**
Newmark Hardware Property Trust No. 2	Australia	100.00%	100.00%
Newmark Hardware Property Trust No. 3	Australia	100.00%	100.00%
Newmark Capital (Chadstone) Property Trust (stapled entity) [1]	Australia	-	-

[1]. The consolidated financial statements of the current year incorporate the financial information of Newmark Capital (Chadstone) Property Trust (NCP) from the date of the stapling of the units of Newmark Hardware Trust (NHT) to the units of NCP. NCP is treated as a controlled entity for accounting purposes from the date of stapling. The entire issued capital of NCP is presented as non-controlling interests in the consolidated financial statements of NPR as at 30 June 2022. NHT does not have any direct ownership interest in NCP.

Note 28. Reconciliation of profit to net cash from operating activities

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Profit for the year	51,849,823	11,410,228
Adjustments for:		
Amortisation	744,537	623,429
Net fair value gain on financial assets	(2,880,094)	(45,525)
Net fair value gain on investment properties	(38,083,612)	(6,784,353)
Straight line rent	(486,236)	(432,299)
Interest received	(661,405)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	404,562	538,962
Decrease in other assets	(984,934)	(327,038)
Decrease in trade and other payables	(293,344)	(1,832,461)
(Decrease)/increase in revenue received in advance	(289,122)	412,328
Net cash from operating activities	9,320,175	3,563,271

Note 29. Changes in liabilities arising from financing activities

Consolidated	Bank loans $
Balance at 1 July 2020	107,800,828
Net cash from financing activities	56,649,172
Balance at 30 June 2021	164,450,000
Net cash used in financing activities	(102,569,668)
Drawdown	27,850,000
Changes through business combinations (note 26)	41,000,000
Balance at 30 June 2022	130,730,332

Note 30. Earnings per security

	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Profit	51,849,823	11,410,228
Non-controlling interests	(2,985,590)	-
Profit attributable to the security holders of Newmark Property REIT	48,864,233	11,410,228
	Number	**Number**
Weighted average number of stapled securities (30 June 2021: ordinary units) used in calculating basic earnings per stapled securities (30 June 2021: ordinary unit)	190,322,793	84,698,931
Weighted average number of ordinary securities used in calculating diluted earnings per security	190,322,793	84,698,931

Note 30. Earnings per security (continued)

	Cents	Cents
Basic earnings per security	25.67	13.47
Diluted earnings per security	25.67	13.47

The weighted average number of units for the year ended 30 June 2021 has been restated for the effect of the capital reconstruction occurring on the stapling of units on 8 December 2021 in accordance with AASB 133 'Earnings per unit'.

	Number
Weighted average number of ordinary units used in calculating basic earnings per unit (before restatement)	71,295,101
Adjustment required by AASB 133 'Earnings per unit'	13,403,830
Weighted average number of ordinary units used in calculating basic earnings per unit (after restatement)	84,698,931

Note 31. Events after the reporting period

On 5 July 2022, NPR made a partial advanced payment of $15.0 million relating to the acquisition of the Preston property. NPR will receive a coupon of 4.25% per annum on the advance payment sum from 5 July 2022 until settlement of the property.

On 8 July 2022, NPR announced the exchange of a contract for the Underwood Acquisition of a LFR property in metropolitan Brisbane, Queensland. The stapled group made a deposit of $2,850,000 for this property to the seller on 11 July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the stapled group's operations, the results of those operations, or the stapled group's state of affairs in future financial years.

Newmark Capital (Chadstone) Property Trust

(ARSN 648 280 219)

Annual Report – 30 June 2022

Newmark Capital (Chadstone) Property Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Revenue	5	6,090,999	6,002,436
Net fair value remeasurement of investment properties	8	611,045	(728,042)
Expenses			
Custodian fees		(36,689)	-
Listing costs		(260,196)	-
Legal and professional fees		(143,156)	(33,560)
Management fees		(483,620)	(481,639)
Borrowing costs amortisation		(67,097)	(61,935)
Property expenses		(1,255,103)	(1,673,902)
Registry fees		(29,259)	(45,337)
Other expenses		(578,805)	(569,063)
Finance costs		(525,098)	(768,908)
Profit for the year attributable to the unitholders of Newmark Capital (Chadstone) Property Trust		3,323,021	1,640,050
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the unitholders of Newmark Capital (Chadstone) Property Trust		3,323,021	1,640,050
		Cents	**Cents**
Basic earnings per unit	23	2.96	6.09
Diluted earnings per unit	23	2.96	6.09

Newmark Capital (Chadstone) Property Trust
Statement of financial position
As at 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents		939,389	935,567
Trade and other receivables	6	4,779	77,397
Other assets	7	277,531	53,640
Total current assets		1,221,699	1,066,604
Non-current assets			
Investment properties	8	82,000,000	80,000,000
Total non-current assets		82,000,000	80,000,000
Total assets		83,221,699	81,066,604
Liabilities			
Current liabilities			
Trade and other payables	9	1,727,798	691,444
Borrowings	10	18,118,771	40,932,903
Distributions payable	11	795,693	767,147
Revenue received in advance		300,955	16,323
Total current liabilities		20,943,217	42,407,817
Total liabilities		20,943,217	42,407,817
Net assets		62,278,482	38,658,787
Equity			
Issued capital	12	49,518,398	26,100,395
Retained profits		12,760,084	12,558,392
Total equity		62,278,482	38,658,787

Newmark Capital (Chadstone) Property Trust
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2020	26,100,395	13,888,342	39,988,737
Profit for the year	-	1,640,050	1,640,050
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,640,050	1,640,050
Transactions with unitholders in their capacity as unitholders:			
Distributions declared (note 13)	-	(2,970,000)	(2,970,000)
Balance at 30 June 2021	26,100,395	12,558,392	38,658,787

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2021	26,100,395	12,558,392	38,658,787
Profit for the year	-	3,323,021	3,323,021
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,323,021	3,323,021
Transactions with unitholders in their capacity as unitholders:			
Contributions of equity, net of transaction costs (note 12)	23,418,003	-	23,418,003
Distributions declared (note 13)	-	(3,121,329)	(3,121,329)
Balance at 30 June 2022	49,518,398	12,760,084	62,278,482

Newmark Capital (Chadstone) Property Trust
Statement of cash flows
For the year ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,928,457	6,138,312
Payments to suppliers and employees (inclusive of GST)		(2,253,048)	(2,379,964)
Interest received		70	4,749
Interest and other finance costs paid		(525,098)	(830,843)
Net cash from operating activities	21	4,150,381	2,932,254
Cash flows from investing activities			
Payments for investment property	8	(1,590,550)	(420,396)
Net cash used in investing activities		(1,590,550)	(420,396)
Cash flows from financing activities			
Proceeds from issue of units	12	23,418,003	-
Repayment of borrowings		(41,000,000)	-
Proceeds from borrowings		18,118,771	5,866
Distributions paid	13	(3,092,783)	(2,947,173)
Net cash used in financing activities		(2,556,009)	(2,941,307)
Net increase/(decrease) in cash and cash equivalents		3,822	(429,449)
Cash and cash equivalents at the beginning of the financial year		935,567	1,365,016
Cash and cash equivalents at the end of the financial year		939,389	935,567

Note 1. General information

The financial statements are those of Newmark Capital (Chadstone) Property Trust as an individual entity. The financial statements are presented in Australian dollars, which is Newmark Capital (Chadstone) Property Trust's functional and presentation currency.

Newmark Capital (Chadstone) Property Trust ('the Trust') is a managed investment scheme registered in Australia. The governing body and responsible entity of the Trust is Newmark REIT Management Limited ('the Responsible Entity'). Its registered office and principal place of business are:

Level 17, 644 Chapel Street
South Yarra
Victoria, 3141

A description of the nature of the Trust's operations and its principal activities are included in the Responsible Entity's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Responsible Entity, on 10 August 2022. The Responsible Entity has the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Trust generated a profit for the year of $3,323,021 (30 June 2021: profit of $1,640,050) and had a net working capital deficiency (current assets less current liabilities) of $19,721,518 as at 30 June 2022 (30 June 2021: net working capital deficiency $41,341,213).

The Trust has related party borrowings from Newmark Hardware Trust (NHT), the entity to which the Trust is stapled. Newmark REIT Management Limited, the responsible entity for both NHT and the Trust, considers the cash flow requirements for the entire stapled group. The directors of the Responsible Entity have a reasonable expectation that the Trust will be able to pay its debts as and when they become due and payable. This view is formed after the directors have considered projected cashflow information for the twelve months from the date of the financial statements and the continued profitability of the Trust and stapled group. Accordingly, the financial statements have been prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The Trust recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Trust is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Trust: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rental income
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Recoverable outgoings
Recoverable outgoings represents direct and indirect actual costs incurred by the Trust that are recovered from the tenant in accordance with the terms of the related leases on an accrual basis and billed monthly in arrears. The outgoings recoverable are recognised as income as the costs are incurred by the Trust which corresponds to the period that the underlying services are provided by the service provider to the property.

Other property income
Other property income is recognised where the right to receive the revenue has been established which is as and when a service is provided or a good has been delivered.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The Trust is not subject to income tax as all unitholders become presently entitled to taxable income of the financial year. The Trust is required to distribute its income to unitholders through cash distributions. Distributable income is determined by reference to the taxable income of the Trust.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Trust has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Trust recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Trust's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Trust. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Significant accounting policies (continued)

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Trust prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial amount of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Trust has a present (legal or constructive) obligation as a result of a past event, it is probable the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement
When a financial or non-financial asset or liability is measured at fair value for recognition or disclosure purposes, the fair value is based on, as applicable, the price that would be received to sell the asset or the price paid to transfer the liability in an orderly transaction between market participants at the measurement date and on the assumption that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market available.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary units are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

Distributions
Distributions are recognised when declared during the financial year and no longer at the discretion of the Trust.

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the financial year but not distributed at the reporting date.

Note 2. Significant accounting policies (continued)

Earnings per unit

Basic earnings per unit
Basic earnings per unit is calculated by dividing the profit attributable to the unitholders of Newmark Capital (Chadstone) Property Trust, excluding any costs of servicing equity other than ordinary units, by the weighted average number of ordinary units outstanding during the financial year, adjusted for bonus elements in ordinary units issued during the financial year.

Diluted earnings per unit
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the stapled group for the annual reporting period ended 30 June 2022. The stapled group has not yet conducted a full assessment of the impact of these new or amended Accounting Standards and Interpretations, however, based on the current operations of the stapled group, preliminary analysis indicates that no standard will have a material impact on the financial statements. The standards that may have some relevance are as follows:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2023, as extended by AASB 2020-6. Early adoption is permitted. This standard amends AASB 101 ‘Presentation of Financial Statements’ to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 2. Significant accounting policies (continued)

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3 was issued in June 2020 and is applicable to annual periods beginning on or after 1 January 2022. Early adoption is permitted. This standard amends certain accounting standards including:
- AASB 9 'Financial Instruments' – the amendments clarify the net fees paid or received to be included in the present value calculations of cash flows of debt instruments for the purposes of ascertaining extinguishment where there has been a change in terms as well as clarifying the treatment of costs or fees both on extinguishment of a debt instrument or in cases where a modified debt instrument has not been extinguished;
- AASB 116 'Property, Plant and Equipment' – requires an entity to recognise the sales proceeds of items produced, and their related cost in profit or loss where such items relate to property, plant and equipment which is being prepared for its intended use (instead of deducting the net proceeds from the cost of the asset). The related costs shall be measured in accordance with AASB 102. Additional related disclosures are now required;
- AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' – clarifies that the unavoidable costs of meeting obligations in an onerous contract include both the incremental costs of fulfilling the contract such as direct labour and materials and an allocation of other costs related directly to fulfilling the contract such as depreciation. At the reporting date, no assessment on the impact of this standard has been made yet.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted. This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:
- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Investment property valuation
Investment properties are measured at fair value. Fair values have been determined in accordance with the fair value measurement hierarchy. The fair value assessment of investment property as at 30 June 2022 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance, however, the future impacts of the COVID-19 pandemic are unknown and may impact property valuations.

The COVID-19 pandemic has impacted market activity in many sectors globally. The valuation assessment undertaken for reporting purposes has attached less weight to previous market evidence for comparison purposes to inform opinions of value. There continues to be valuation uncertainty as a result of the COVID-19 pandemic. In the event that impacts are more material or prolonged than anticipated, this may have further impact to the fair value of the Trust's property portfolio, and the future price achieved if a property is sold.

Refer to note 15 for the details of key assumptions and inputs in measuring fair value.

Fair value measurement hierarchy
The Trust is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 4. Operating segments

Identification of reportable operating segments
The business of the Trust is the ownership and management of the single investment property constituting the Chadstone Homeplus Homemaker Centre in Chadstone, Victoria. This property represents a high-quality large format retail ('LFR') commercial property that is tenanted by various businesses including Bunnings.

Based on the internal reports reviewed and used by the Fund Manager, Newmark Property Funds Management Pty Ltd (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources, the Trust represents a single operating segment. There is no aggregation of operating segments.

The operating segment information is therefore the same information as disclosed in these financial statements and is therefore not duplicated as a separate segment note.

The CODM reviews Funds from Operations ('FFO') on a monthly basis, being cash flows generated by the operations of the trust. This is derived as Net Income with non-cash items and financing related cash flows added back. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements

Intersegment transactions
There were no intersegment operating transactions made during the year.

Major customers
During the year 30 June 2022, external rental income generated was derived from the following tenants: Bunnings 39% (30 June 2021: 40%); E&S Trading 12% (30 June 2021 : 12%); The Good Guys 11% (30 June 2021 : 12%).

Note 5. Revenue

	30 June 2022 $	30 June 2021 $
Rental income	5,675,416	5,124,938
Straight line rental adjustment	(201,595)	307,647
Recoverable outgoings	544,630	486,387
Interest income	70	4,749
Other property income	72,478	78,715
Revenue	6,090,999	6,002,436

Disaggregation of revenue
The revenue from property rental and other property income is recognised on a straight-line basis over the lease term. Recoverable outgoings are recognised when the right to recover property charges arises. All revenue is generated within Australia.

Note 6. Trade and other receivables

	30 June 2022 $	30 June 2021 $
Current assets		
Trade receivables	9,985	94,614
Less: Allowance for expected credit losses	(5,206)	(17,217)
	4,779	77,397

Allowance for expected credit losses
The Trust has recognised a gain of $12,011 (30 June 2021: $17,217) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022. Expected credit losses recognised is the lifetime expected credit losses in relation the trade receivables balance at year end.

Movements in the allowance for expected credit losses are as follows:

	30 June 2022 $	30 June 2021 $
Opening balance	17,217	-
Additional provisions recognised	-	17,217
Unused amounts reversed	(12,011)	-
Closing balance	5,206	17,217

Note 7. Other assets

	30 June 2022 $	30 June 2021 $
Current assets		
Prepayments	277,531	7,374
Other current assets	-	46,266
	277,531	53,640

Note 8. Investment properties

	30 June 2022 $	30 June 2021 $
Non-current assets		
Investment properties - at independent valuation	82,000,000	80,000,000

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	80,000,000	80,000,000
Acquisition and leasing costs	1,590,550	420,395
Straight line rental adjustments	(201,595)	307,647
Revaluation increments	611,045	-
Revaluation decrements	-	(728,042)
Closing fair value	82,000,000	80,000,000

Valuations of investment properties
The basis of the valuation of investment properties is fair value. The scheme documents of each trust require investment properties to be independently valued at least once every three years or more frequent if required by a lender. In the intervening years, the property valuations may be revised according to the Responsible Entity's assessment of the property market.

For further information on valuations, refer to note 15.

Investment properties pledged as security
The investment property has been provided as security over the borrowings of Newmark Hardware Trust, the entity to which the Trust is stapled. In the prior period, investment properties were used as security for bank borrowings of the Trust. Refer to note 10.

Refer to note 15 for further information on fair value measurement.

Lease payments receivable

	30 June 2022 $	30 June 2021 $
Minimum undiscounted lease payments receivable but not recognised in the financial statements:		
Year 1	4,776,489	4,678,389
Year 2	4,912,402	4,359,421
Year 3	4,694,340	4,024,440
Year 4	4,566,256	3,779,739
Year 5	2,555,207	3,624,217
Over 5 years	7,822,474	4,098,724
	29,327,168	24,564,930

Note 9. Trade and other payables

	30 June 2022 $	30 June 2021 $
Current liabilities		
Trade payables	805,228	134,131
BAS payable	79,690	48,902
Sundry creditors and accruals	842,880	508,411
	1,727,798	691,444

Refer to note 14 for further information on financial risk management.

Note 10. Borrowings

	30 June 2022 $	30 June 2021 $
Current liabilities		
Bank loans	-	40,932,903
Loan - Newmark Hardware Trust	18,118,771	-
	18,118,771	40,932,903

The loan from Newmark Hardware Trust is repayable on demand and interest is charged at rate per the syndicated debt agreement.

	30 June 2022 $	30 June 2021 $
The bank loan balance comprises the following components:		
Drawn down loan facility	-	41,000,000
Capitalised borrowing costs	-	(160,000)
Amortised borrowing costs	-	92,903
	-	40,932,903

Refer to note 14 for further information on financial risk management.

The Trust's banking agreement which was provided by a major Australian bank was executed on 20 December 2019 for a 30-month term, ending on 30 June 2022. Bank borrowings amounting to $41,400,000 were fully discharged on 10 December 2021 utilising funds from both a loan from Newmark Hardware Trust and capital raised from the IPO of Newmark Property REIT during the period.

Total secured liabilities
The total secured liabilities are as follows:

	30 June 2022 $	30 June 2021 $
Bank loans	-	40,932,903

Assets pledged as security
Bank Loans' were secured by first mortgage over the Trust's investment property.

Upon stapling and IPO, the assets of the Trust have been provided as security for borrowings drawn by Newmark Hardware Trust in its own name.

Note 10. Borrowings (continued)

The carrying amounts of assets pledged as security for borrowings are:

	30 June 2022 $	30 June 2021 $
Investment properties	82,000,000	80,000,000

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	30 June 2022 $	30 June 2021 $
Total facilities		
Bank loans	-	44,000,000
Newmark Hardware Trust	18,118,771	-
	18,118,771	44,000,000
Used at the reporting date		
Bank loans	-	41,000,000
Newmark Hardware Trust	18,118,771	-
	18,118,771	41,000,000
Unused at the reporting date		
Bank loans	-	3,000,000
Newmark Hardware Trust	-	-
	-	3,000,000

* The bank loan facility in the above table represents gross facility value therefore excludes the net off of capitalised borrowing costs

Note 11. Distributions payable

	30 June 2022 $	30 June 2021 $
Current liabilities		
Distributions	795,693	767,147

Distributions
The provision represents distributions declared, being appropriately authorised and no longer at the discretion of the Trust, on or before the end of the financial year but not distributed at the reporting date.

30 June 2022	Distributions payable $
Carrying amount at the start of the year	767,147
Distribution declared for year	3,121,329
Amounts paid	(3,092,783)
Carrying amount at the end of the year	795,693

Note 12. Issued capital

	30 June 2022 Units	30 June 2021 Units	30 June 2022 $	30 June 2021 $
Issued capital - fully paid	181,648,296	29,700,100	49,518,398	26,100,395

Movements in ordinary unit capital

Details	Date	Units	Issue price	$
Balance	1 July 2020	29,700,100		26,100,395
Balance	30 June 2021	29,700,100		26,100,395
Issue of units to NHT to facilitate stapling	8 December 2021	128,311,140		-
Consolidation of units to facilitate stapling	8 December 2021	(44,076,993)		-
Capital raise via IPO	8 December 2021	67,714,049	$0.36	24,124,155
Capital raising costs	8 December 2021	-		(706,152)
Balance	30 June 2022	181,648,296		49,518,398

During the period, Newmark Property REIT raised capital via an IPO for newly issued stapled securities of 67,714,049 at $1.895 per security. Newmark Capital (Chadstone) Property Trust's net allocation from the IPO is $23,418,003.

Ordinary units
Ordinary units entitle the holder to participate in distributions and the proceeds on the winding up of the Trust in proportion to the number of and amounts paid on the units held. The fully paid ordinary units have no par value and the Trust does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

The units of the Trust are stapled to those of Newmark Hardware Trust and are listed on the Australian Securities Exchange as Newmark Property REIT stapled securities (ASX: NPR).

Unit buy-back
Pursuant to a market announcement made on 6 June 2022 by NPR, there is currently an on-market unit buy-back of fully paid stapled units for up to 5,449,448 stapled units to occur between 21 June 2022 and 20 June 2023.

Capital risk management
The Trust's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for stapled security holders and to maintain an optimum capital structure.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The Trust would look to raise capital when an opportunity to invest in a business or company was seen as value adding to the NPR stapled group at the time of the investment. The Trust as a separate entity is not actively pursuing additional investments in the short term.

There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Note 13. Distributions

Distributions paid/payable during the financial year were as follows:

	30 June 2022 $	30 June 2021 $
Interim distribution for the year ended 30 June 2021 of 5 cents per ordinary unit	-	1,485,000
Final distribution for the year ended 30 June 2021 of 5 cents per ordinary unit	-	1,485,000
Distribution paid (1 July 2021 to 31 March 2022) 0.0045 cents per unit holder	726,645	-
Distribution paid (1 October 2021 to 31 December 2021) 0.0045 cents per unit holder	781,573	-
Distribution paid (1 January 2022 to 31 March 2022) 0.0045 cents per unit holder	817,418	-
Distribution declared (1 Apr 2022 to 30 Jun 2022) 0.0045 cents per unit holder	795,693	-
	3,121,329	2,970,000

Note 14. Financial risk management

Risk objectives
The Trust's activities expose it to financial risks associated with financial instruments: market risk (primarily interest rate risk), credit risk (associated with trade and other receivables) and liquidity risk. The Trust's overall risk management program is governed by the Responsible Entity and focuses primarily on the ability to service debt and pay debts as and when they become due and payable. The Responsible Entity seeks to minimise potential adverse effects on the financial performance of the Trust.

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of the Responsible Entity ('the Board'). These policies include identification and analysis of the risk exposure of the Trust and appropriate procedures, controls and risk limits. Finance executives identify, evaluate and, where considered necessary, hedge financial risks of the Trust. Finance executives report to the Board on a monthly basis.

Market risk

Foreign currency risk
The Trust does not undertake transactions denominated in foreign currency and is therefore not exposed to foreign currency risk arising through foreign exchange rate fluctuations.

Price risk
The Trust is not exposed to any significant price risk associated with financial instruments.

Interest rate risk and sensitivity
The Trust's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Trust to interest rate risk. Borrowings obtained at fixed rates expose the Trust to fair value interest rate risk.

Interest rate fluctuations may also impact the income and resale value of investment property which is the Trust's main asset. The Trust's exposure to interest rate risk as it relates to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

Note 14. Financial risk management (continued)

The following information is applicable to the Trust's borrowings outstanding at the end of the financial year:

Year ended 30 June 2022

Lender: Newmark Hardware Trust
Amount outstanding at reporting date: $18,118,771
Nature of loan: Principal and interest payment loan
Net profit/loss sensitivity: An official increase/(decrease) in interest rates of 100 basis points as at reporting date would have an adverse/favourable effect on profit before tax of +/- $181,260.

Lender: Newmark Hardware Trust (operating loan)
Amount outstanding at reporting date: $672,930
Nature of loan: Principal and interest free loan
Net profit/loss sensitivity: n/a.

Year ended 30 June 2021

Lender: Bank of Melbourne
Amount outstanding at reporting date: $40,932,903 (after unamortised borrowing costs deducted)
Nature of loan: Principal and interest payment loan
Net profit/loss sensitivity: Not applicable as this bank loan was settled during the financial year ended 30 June 2022.

The basis point changes above used in the sensitivity are based on the expected volatility of interest rates using market data and analysts forecasts at each reporting date.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust. The Trust has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Trust obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Trust does not hold any collateral.

The Trust has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all tenants of the Trust based on recent tenancies experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses
The Trust has recognised a gain of $12,011 (30 June 2021: loss of $17,217) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Vigilant liquidity risk management requires the Trust to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Trust manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows.

Note 14. Financial risk management (continued)

Financing arrangements
Unused borrowing facilities at the reporting date are as disclosed in note 10.

The Trust has entered into a borrowing arrangement with its parent entity, Newmark Hardware Trust, that provides the Trust with sufficient liquidity for its operations. The terms of the loan are as follows:

Facility limit: $18,118,771
Interest rate: At market rates based on the syndicated loan
Repayment terms: Repayment on demand
Maturity: No maturity date, repayable on demand.

Remaining contractual maturities
The following tables detail the Trust's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables		1,727,798	-	-	-	1,727,798
Interest-bearing - variable						
Newmark Hardware Trust	0.78%	18,118,771	-	-	-	18,118,771
Total non-derivatives		19,846,569	-	-	-	19,846,569

30 June 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables		691,444	-	-	-	691,444
Interest-bearing - variable						
Bank loans	0.80%	40,932,903	-	-	-	40,932,903
Total non-derivatives		41,624,347	-	-	-	41,624,347

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 15. Fair value measurement

Fair value hierarchy
The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

30 June 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment properties at fair value	-	-	82,000,000	82,000,000
Total assets	-	-	82,000,000	82,000,000

30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment properties at fair value	-	-	80,000,000	80,000,000
Total assets	-	-	80,000,000	80,000,000

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
A valuation of the Chadstone Homeplus Homemaker Centre was obtained on 30 June 2022 from an independent valuer, being a member of the Australian Property Institute and having adequate experience in the location and category of investment property being valued.

Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates, returns on investment and the uncertainty created by COVID-19. Any changes in estimates impacts the carrying value of investment property and the fair value adjustment recognised in profit or loss.

For details of the effect of the recurring remeasurements of investment properties on profit or loss and other comprehensive income for the period, and movement in carrying values for the reporting period, refer to note 8.

The unobservable inputs and sensitivities relating to the valuation of level 3 assets and liabilities are as follows:

Description	**Unobservable inputs**	**30 Jun 2022**	**30 Jun 2021**
Investment property	(i) Capitalisation rate	6.25%	6.50%
	(ii) Discount rate	6.75%	7.50%
	(iii) Terminal yield	6.50%	6.75%
	(iv) Rental growth	2.51%	2.85%

Note 15. Fair value measurement (continued)

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate and/or discount rate would result in lower fair value, while a decrease in capitalisation rate and/or discount rate will result in higher fair value (with all other factors held constant).

The following table presents the sensitivity to reasonably possible movements in the capitalisation rate and discount rate used in valuations:

Movement in basis points	30 Jun 2022 $	30 Jun 2021 $
Minus 50 bps	8,833,333	6,667,000
Minus 25 bps	5,280,000	3,200,000
Plus 25 bps	(1,037,037)	(2,963,000)
Plus 50 bps	(3,857,143)	(5,714,000)

A discount rate decrease of 25 bps and 50 bps would increase the discounted cashflow valuation by 1.8% and 3.7% respectively, and an increase of 25 bps and 50bps in discount rate would decrease the discounted cashflow valuation by 1.8% and 3.6% respectively.

Note 16. Key management personnel disclosures

Responsible Entity
The following persons were key management personnel ('KMP') of the Responsible Entity of Newmark Capital (Chadstone) Property Trust during the financial year:

Michael Doble	Chairperson and Independent Non-Executive Director
Melinda Snowden	Independent Non-Executive Director
Andrew Erikson	Independent Non-Executive Director
Christopher Langford	Joint Managing Director
Simon T. Morris	Joint Managing Director
Mark Allan	Non-Executive Director
Peter Hulbert	Company Secretary

Remuneration of KMP is paid directly by the Responsible Entity and its related parties. KMP are not provided with any remuneration by the Trust itself and are not entitled to any equity interests, or options over equity interests, in the Trust.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of remuneration provided to the directors of the Responsible Entity and the fees paid by the Trust to the Responsible Entity in accordance with the Scheme Constitution and Product Disclosure Statement. The Trust has not made, guaranteed, or secured, directly or indirectly, any loans to KMP or their personally related entities at any time during the reporting period.

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by SW Audit, the auditor of the Trust:

	30 June 2022 $	30 June 2021 $
Audit services - SW Audit		
Audit or review of the financial statements	28,500	15,000
Other assurance services	3,500	1,250
	32,000	16,250
Other services - SW Accountants & Advisors Pty Ltd		
Taxation service	31,002	4,500
	63,002	20,750

Note 18. Contingent liabilities

The Trust had no contingent liabilities as at 30 June 2022 or 30 June 2021.

Note 19. Commitments

There are no commitments for expenditure as at 30 June 2022 (30 June 2021: Nil).

Note 20. Related party transactions

Parent entity
Newmark Hardware Trust is the parent entity.

Responsible entity
Newmark Capital (Chadstone) Property Trust is managed by Newmark REIT Management Limited ('NRML') as Responsible Entity. The Responsible Entity is entitled to charge a management fee equal to 0.60% per annum of Newmark Property REIT's Gross Asset Value (GAV) (before GST). However, the Responsible Entity has determined that it will not charge a management fee in respect of Newmark Property REIT for so long as the Investment Manager charges an investment management fee equal to 0.60% per annum of GAV (before GST) under the Investment Management Agreement in respect of Newmark Property REIT.

In addition, subject to the Corporations Act, the Responsible Entity is entitled to be paid and reimbursed for all administration costs, charges, expenses and outgoings incurred in the proper performance of its duties, as and when incurred.

Newmark Property Group
Newmark Property Group Pty Ltd ('Newmark Group') and its related entities (being entities associated with directors, shareholders or other related parties, including its controlled entities in Newmark REIT Management Limited ('the Responsible Entity'), Newmark Property Funds Management Pty Ltd ('investment manager'), Newmark Operations Pty Ltd and Newmark Asset Management Pty Ltd ('property manager'), owns approximately 18.2% of the capital of Newmark Property REIT.

Investment Manager
A member of the Newmark Group, Newmark Property Funds Management Pty Ltd, has been appointed to provide investment management services to Newmark Property REIT in accordance with the investment strategy of Newmark Property REIT, which includes, among other matters, providing strategic management, arranging debt and equity and managing the assets (excluding property management services) of Newmark Property REIT (Investment Management Services).

Note 20. Related party transactions (continued)

The Investment Manager will be entitled to the following fees:

- (investment management fee) 0.60% of GAV per annum (before GST) for the provision of investment management services which will be payable monthly by the Responsible Entity out of the assets of Newmark Property REIT.
- (acquisition fee) 1.00% of the purchase price (excluding acquisition costs) of any assets acquired by Newmark Property REIT (directly or indirectly) or any controlled sub-trust following completion of such acquisition.
- (finance facility fee) 0.20% of the amount of debt finance arranged by the Investment Manager for NHT, which will be payable upon entering into the relevant finance facility.

The Investment Manager is also entitled to such fees and reimbursements for reasonable expenses incurred as agreed in writing between the Investment Manager and the Responsible Entity relating to the provision of investment management services.

Property Manager
A member of the Newmark Group, Newmark Asset Management Pty Ltd, has been appointed by the Responsible Entity to act as the property manager of Newmark Property REIT under the Property Management Agreement. The Property Manager is responsible for matters including providing property management services, property accounting services, facilities management services, leasing and lease administration services, sales agency services and project management services to Newmark Property REIT (Property Management Services).

The Property Manager will be entitled to the following fees:

- (Property Management Fee): Up to 1.5% of annual gross income for the current portfolio, and up to 3% of annual gross income for any properties acquired after the date of the Property Management Agreement, or such lesser amount as agreed under the Property Management Agreement;
- (New Lease Fee): 15% of the gross rental income for the first year of the lease term where the tenant is a new tenant, or if the lease term is for a period of less than a year, then that lesser period;
- (Lease Renewal Fee): 7.5% of gross rental income for the first year of the lease term with an existing tenant (including renewals), or if the lease term is for a period of less than a year, then that lesser period;
- (Market Review Fee): At market rates determined as a percentage of the increase in gross rental income payable between the year before the rent review date and the year after;
- (Lease Administration Fees): By reference to market rates, subject to a market review on each anniversary of the commencement of the Property Management Agreement;
- (Project Management Fee): Up to 5% of the value of any works (as determined by a quantity surveyor) undertaken;
- (Development Services Fee): 4% of project costs; and – (Sales Agent Fees): At market rates if the Property Manager acts as a sale agent in respect of a property.

Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Note 20. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	30 June 2022 $	30 June 2021 $
Payment for services:		
The following payments were made to the Responsible Entity of the Trust:		
- Payment of management fee to Newmark REIT Management Ltd	207,864	-
- Payment of management fee to Newmark Capital Ltd [1]	-	481,639
- Reimbursed expenses	31,235	58,507
The following payments were made to Newmark Property Funds Management Pty Ltd as Investment Manager (other related parties):		
- Investment management fee	275,756	-
The following payments were made to Newmark Asset Management Pty Ltd as Property Manager (other related parties)		
- Property management fee	23,868	46,350
- New lease fees	-	75,671

1. The Responsible Entity of the scheme changed from Newmark Capital Ltd to Newmark REIT Management Ltd on 4 March 2021.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 June 2022 $	30 June 2021 $
Loan to controlling entity (Newmark Hardware Trust) - current liabilities (note 10)	672,930	-
Loan to controlling entity (Newmark Hardware Trust) - non-current liabilities (note 10)	18,118,771	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Reconciliation of profit to net cash from operating activities

	30 June 2022 $	30 June 2021 $
Profit for the year	3,323,021	1,640,050
Adjustments for:		
Depreciation and amortisation	67,097	61,935
Net fair value loss/(gain) on investment properties	(611,045)	728,042
Straight line rent	201,595	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	72,618	204,841
Decrease/(increase) in other operating assets	(223,891)	208,106
Increase in trade and other payables	1,036,354	78,823
Increase in other liabilities	284,632	10,457
Net cash from operating activities	4,150,381	2,932,254

Note 22. Changes in liabilities arising from financing activities

	Bank Loans $	Loan - Newmark Hardware Trust $	Total $
Balance at 1 July 2020	40,865,102	-	40,865,102
Net cash from financing activities	5,866	-	5,866
Amortisation of borrowing costs	61,935	-	61,935
Balance at 30 June 2021	40,932,903	-	40,932,903
Net cash from/(used in) financing activities	(40,932,903)	18,118,771	(22,814,132)
Balance at 30 June 2022	-	18,118,771	18,118,771

Note 23. Earnings per unit

	30 June 2022 $	30 June 2021 $
Profit attributable to the unitholders of Newmark Capital (Chadstone) Property Trust	3,323,021	1,640,050
	Number	**Number**
Weighted average number of ordinary units used in calculating basic earnings per unit	112,264,733	26,923,966
Weighted average number of ordinary units used in calculating diluted earnings per unit	112,264,733	26,923,966
	Cents	**Cents**
Basic earnings per unit	2.96	6.09
Diluted earnings per unit	2.96	6.09

The weighted average number of ordinary units for the year ended 30 June 2021 has been restated for the effect of the reconstruction of unit capital which occurred on 8 December 2021 to facilitate the stapling with Newmark Hardware Trust. Such adjustments were also applied during the current year up to the reconstruction date.

	Number
Weighted average number of ordinary units for year ended 30 June 2021 used in calculating basic earnings per unit (before restatement)	29,700,100
Adjustment required by AASB 133 'Earnings per unit' for year ended 30 June 2021	(2,776,134)
Weighted average number of ordinary units used in calculating basic earnings per unit (after restatement)	26,923,966

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Trust's operations, the results of those operations, or the Trust's state of affairs in future financial years.

Newmark Property REIT
Responsible Entity's declaration
30 June 2022

In the Responsible Entity's opinion:

- the attached financial statements and notes of Newmark Property REIT (representing the registered managed investment schemes of Newmark Hardware Trust (ASRN 161 274 111) and controlled entities and Newmark Capital (Chadstone) Property Trust (ARSN 648 280 219)) comply with the Corporations Act 2001, Australian Accounting Standards which constitutes compliance with International Financial Reporting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes of Newmark Property REIT give a true and fair view of the Stapled Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;

- the attached financial statements and notes of Newmark Capital (Chadstone) Property Trust give a true and fair view of the Trust's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Stapled Group and the Trust will be able to pay their debts as and when they become due and payable.

The Responsible Entity has been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Responsible Entity made pursuant to section 295(5)(a) of the Corporations Act 2001.

Michael Doble
Chairperson

11 August 2022
Melbourne

SW Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE STAPLED SECURITY HOLDERS OF NEWMARK HARDWARE TRUST AND NEWMARK CAPITAL (CHADSTONE) PROPERTY TRUST

Report on the Audits of the Financial Reports

Opinions

We have audited the financial report of Newmark Property REIT, consisting of Newmark Hardware Trust as the deemed parent, its controlled entities and Newmark Capital (Chadstone) Property Trust (NCP) (the Stapled Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We have also audited the financial report of NCP which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements and including a summary of significant accounting policies.

We have also audited the Responsible Entity's declaration for the Stapled Group and NCP.

In our opinion, the accompanying financial reports of the Stapled Group and NCP are in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the financial positions of the Stapled Group and NCP as at 30 June 2022 and of their financial performance for the year then ended, and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinions

We conducted our audits in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Reports* section of our report. We are independent of the Stapled Group and NCP in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Take the lead

Key Audit Matters of the Stapled Group's Financial Report

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the Stapled Group for the current period. These matters were addressed in the context of our audit of the Stapled Group's financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investment properties

Area of focus	How our audit addressed the area of focus
Refer to Note 4 *Critical Accounting Judgements, Estimates and Assumptions*, Note 12 *Investment Properties* and Note 19 *Fair Value Measurement*	**Our audit procedures included:**
The Stapled Group's investment property portfolio comprises of large format retail located along the eastern seaboard of Australia. The 30 June 2022 carrying value of the Stapled Group's investment property portfolio is $487,382,474. In measuring the fair value of investment properties, the Stapled Group applied the principles of accounting for investment properties at fair value under Australian Accounting Standards and the valuation methodology described in Note 19 of the financial report. The valuation policy adopted requires a property to be independently valued at a minimum of once every three years and within two months of the board of Newmark REIT Management Limited, as Responsible Entity for the Stapled Group, forming a view that there is a likelihood that there has been a material change in the value of the property. Fair value measurement of investment property is subject to significant estimation uncertainty due to the use of Level 3 inputs such as capitalisation rate, net market rent, terminal yield and discount rate. Due to the inherent uncertainties associated with this estimation we have determined valuation of investment properties to be a key audit matter.	• Considering the control environment including an assessment of the level of oversight that the directors have over the financial reporting process related to investment property valuation. • Assessing the latest independent valuation reports, including agreeing the fair value to the accounting records and confirming that the valuations have been adopted by the directors at 30 June 2022. • Comparing the tenancy schedule in the independent valuation reports to the tenancy schedule per the accounting records. • Assessing the appropriateness of the methodology adopted and the mathematical accuracy of the valuations. • Assessing the appropriateness of key inputs to the calculation of fair value including a comparison of key rates to market data. • Assessing the scope, competency and capability of the valuation experts engaged by the Stapled Group. • Vouching material investment property additions to the sales contract and ensuring transaction costs have been suitably included in the initial measurement of the investment property. • Assessing the investment property disclosures with a focus on the estimation uncertainty and fair value disclosures as set out in Note 19 of the financial report.

2. External borrowings and financial covenant compliance

Area of focus	How our audit addressed the area of focus
Refer to Note 14 *Financial Disclosures*	**Our audit procedures included:**
The Stapled Group entered into an amended $215,000,000 borrowing facility for three years with its financiers on 3 December 2021. The facility contains loan to value and interest cover financial covenants. The Stapled Group is reliant on external borrowings to fund the purchase of investment properties. Should support be withdrawn by the financiers due to non-compliance with financial covenants or otherwise, then the Stapled Group's going concern may come into question. For these reasons, borrowing and financial covenant compliance are a key audit matter.	• Summarising key terms and conditions of the loan agreements. • Assessing whether the amended loan is a debt modification or extinguishment and issue of new debt. • Reperforming financial covenant compliance at balance date and considering forecast covenant compliance for the period to 12 months after the date of the auditor's report. • Considering the adequacy of disclosures in respect of the borrowings and derivatives as set out in note 14.

3. Stapling transaction and listing on the Australian Securities Exchange

Area of focus	How our audit addressed the area of focus
Refer to Note 2 *Stapling of securities of Newmark Hardware Trust and Newmark Capital (Chadstone) Property Trust and ASX Listing of Newmark Property REIT*	**Our audit procedures included:**
During the year, the units in Newmark Hardware Trust were stapled to the units in Newmark Capital (Chadstone) Property Trust resulting in the creation of stapled securities for unitholders. For financial reporting purposes, stapling transactions require the identification of a deemed parent (acquirer). The identification of which is an area of significant judgement in the preparation of the financial report. The application of this accounting policy required significant judgement and is a key audit matter.	• Considering the stapling deed and implementation deed to understand the key terms and conditions of the transaction. • Evaluating management's assessment of the deemed parent and ensuring the assessment complies with AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements*. • Considering the adequacy of disclosures in relation to the stapling.

Information Other than the Financial Reports and Auditor's Report Thereon

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual reports for the year ended 30 June 2022, but does not include the financial reports and our auditor's report thereon.

Our opinions on the financial reports does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Reports

The directors of the Responsible Entity are responsible for the preparation of the financial reports that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial reports that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the ability of the Stapled Group and NCP to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Stapled Group and NCP or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audits of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stapled Group or NCP's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.

- Conclude on the appropriateness of the directors of the Responsible Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Stapled Group or NCP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Stapled Group or NCP to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Stapled Group and NCP to express an opinion on the financial reports. We are responsible for the direction, supervision and performance of the Stapled Group and NCP audits. We remain solely responsible for our audit opinions.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide the directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the Stapled Group's financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants

Rami Eltchelebi
Partner

Melbourne, 11 August 2022

Newmark Property REIT
Stapled Security Holder information
30 June 2022

The stapled security holder information set out below was applicable as at 30 June 2022.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary units		Options over ordinary units	
	Number of holders	% of total units issued	Number of holders	% of total units issued
1 to 1,000	49	-	-	-
1,001 to 5,000	91	-	-	-
5,001 to 10,000	306	1.00	-	-
10,001 to 100,000	1,484	25.00	-	-
100,001 and over	240	74.00	-	-
	2,170	100.00	-	-
Holding less than a marketable parcel	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Stapled securities	
Registered security holders as at 30 June 2022	**Number held**	**% of total options issued**
HSBC Custody Nominees	20,369,005	11.21
Newmark Property Group Pty Ltd	10,554,090	5.81
Newmark Capital Investments	6,776,243	3.73
Newmark Capital Limited	6,761,144	3.72
J P Morgan Nominees Australia	5,881,324	3.24
Charter Hall Wholesale	4,931,253	2.71
BNP Paribas Nominees Pty Ltd	3,548,205	1.95
Haya Capital Pty Ltd	3,508,733	1.93
One Managed Investment Funds	3,350,000	1.84
Ronnie Capital Pty Ltd	3,340,484	1.84
National Nominees Limited	2,813,501	1.55
BNP Paribas Noms Pty Ltd	2,584,455	1.42
Dodshall Pty Ltd	2,021,006	1.11
Netwealth Investments Limited	1,352,413	0.74
T M Berkowitz &	1,257,014	0.69
Raylou Investments Pty Ltd	1,056,971	0.58
Citicorp Nominees Pty Limited	1,056,082	0.58
Neja Pty Ltd	900,000	0.50
Mr Yi Yin	888,838	0.49
Mr Peter Maxwell Edwards	862,478	0.47
	83,813,239	46.11

Unquoted equity securities
There are no unquoted equity securities.

Newmark Property REIT
Stapled Security Holder information
30 June 2022

Substantial holders

Substantial holders in the trust are set out below:

	Stapled securities	
	Number held	**% of total options issued**
HSBC Custody Nominees	20,369,005	11.21
Newmark Property Group Pty Ltd	10,554,090	5.81

Voting rights

The voting rights attached to ordinary units are set out below:

Ordinary units
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each unit shall have one vote.

There are no other classes of equity securities.