

Information memorandum Rights Issue

Newmark Bourke Street Mall Trust

21 March 2024



Trustee
Newmark Capital Limited
ACN 126 526 690
AFSL 319372

Important information

This information memorandum (**Information Memorandum, IM**) is dated 21 March 2024 (**Preparation Date**) and was prepared by Newmark Capital Limited ACN 126 526 690 AFSL 319372 (**Newmark, Trustee, we, us, our**) as the trustee of the Newmark Bourke Street Mall Trust (**Trust**).

This IM relates to the pro-rata offer of Class A Units made to existing holders of Units in the Trust (**Rights Issue**). Newmark is the issuer of Units and this IM. Newmark Property Funds Management Pty Ltd ACN 152 323 629 is the investment manager of the Trust (**Investment Manager**).

This IM is supplementary to the original information memorandum dated 6 July 2020 in respect of the offer of Ordinary Units and Class B Units and the subsequent information that has been provided to investors in relation to an investment in the Trust, including any periodic reports and investor presentations. The Trustee assumes you have read and understood all previous documentation provided in relation to an investment in the Trust. You should read this IM in its entirety before making a decision about whether to make a further investment in the Trust. This IM sets out general information about the Trust for the recipient of this IM (**Recipient**) to consider in making a decision as to whether the Recipient should acquire a further interest in the Trust. To the extent of any inconsistency between the information in this IM and the original IM for the Trust, the information in this IM prevails. To the extent of any inconsistency between the information in this IM and the investor presentation given on 6 March 2024, the information in this IM prevails.

This IM is supplied personally to the Recipient on the conditions set out below, which are expressly accepted and agreed to by the Recipient, in part consideration of the supply of the IM, as evidenced by the retention by the Recipient of this IM. If these conditions are not acceptable the IM must be returned immediately.

The offer to participate in the Rights Issue in this IM is only made to investors receiving this IM (electronically or otherwise) within Australia. No action has been taken to register Units or otherwise permit the offering of Units in any jurisdiction outside of Australia.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities other than Units in the Trust or an offer or solicitation in any circumstances in which such an offer or solicitation would be unlawful.

Investors should inform themselves as to the legal requirements and consequences of applying for further Units, and holding, transferring and disposing of Units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or place of business. It is the responsibility of an investor outside Australia to obtain any necessary approvals in respect of applying for, or being issued with, further Units.

The Trust is not required to be, and is not, a registered managed investment scheme under the *Corporations Act 2001* (Cth) (**Corporations Act**). This IM is not, and is not required to be, a supplementary product disclosure statement issued under the Corporations Act. This IM has not been lodged with, and is not required to be lodged with, ASIC and ASIC takes no responsibility for the contents of this IM and expresses no view regarding the merits of the investment set out in this IM.

Any offer contained in this IM is only available for acceptance by Wholesale Clients, and is not available to retail clients, as those terms are defined in the Corporations Act.

No cooling off rights apply to an application for further Units in the Trust.

This IM does not purport to contain all the information that may be required to evaluate any transaction in relation to the Trust (or would be required if it were a product disclosure statement). Before investing, the Recipient should conduct their own independent review, investigations and analysis of the Trust and of the information contained, or referred to, in this IM and, where necessary, consult their professional advisors. None of Newmark or its related entities and directors, officers, employees, agents, advisers, associates or representatives (**Newmark Group**) make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this IM or provided before or after this IM to the Recipient by any members of the Newmark Group, including, without limitation, any physical descriptions, historical financial information, estimates and projections and any other financial information derived from such information, and nothing contained in this IM is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

All statements of opinion and/or belief in this IM and all views expressed and all projections, forecasts or statements relating to expectations regarding future events or possible future performance of the Trust represent Newmark's assessment and interpretation of information available as at the date of this IM and relate to new Units offered under the Rights Issue only, unless stated otherwise. Further, any projections or other estimates of returns or performance are based on certain assumptions that may change. No representation is made or assurance is given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Trust will be achieved. The forward-looking statements included in this IM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Trustee and Investment Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Recipients must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Newmark Group. Recipients are strongly advised to conduct their own due diligence.

Any investment in the Trust does not represent a deposit with or a liability of any member of the Newmark Group. An investment (and any further investment) in the Trust is subject to various risks which are described in this IM including possible delays in income or capital return and loss of income or capital invested.

The Trustee is not authorised under the *Banking Act 1959* (Cth) to carry on banking business or for any other purpose and is not supervised by APRA, and investments in the Trust are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian authorised deposit taking institution under that Act.

None of the Newmark Group in any way guarantees the performance of the Trust or any return of capital. Recipients acknowledge that the Trust invests in property which may have a long-term and illiquid nature, noting that the investment term of Class A Units is expected to be 12-18 months. Past performance is not a reliable indicator of future performance.

Except insofar as liability under any law cannot be excluded, the Newmark Group takes no responsibility for the information contained in this IM or in any other way for errors or omissions (including responsibility to any persons by reason of negligence).

The delivery of this IM at any time after the Preparation Date does not imply that the information contained in it is accurate, timely and complete at any time subsequent to the Preparation Date. Newmark may in its absolute discretion, but without being under any obligation to do so, update or supplement this IM. Any further information will be provided subject to these terms and conditions.

Newmark has not authorised any person to give any information nor make any representation in connection with the Trust or the offer under this IM, which is not contained in this IM and any such information or representation not contained in it must not be relied upon as having been authorised by or on behalf of Newmark.

Newmark reserves the right to evaluate any offers to make a further investment in the Trust and to reject any or all offers submitted, without giving reasons for the rejection. The Newmark Group is not liable to compensate the Recipient or any investor for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Trust, in making an offer or otherwise.

The information in this IM is of a general nature only. In preparing this IM, Newmark has not taken into account any person's needs, objectives or financial situation. Before acting on information contained in this IM you should consider whether it is appropriate for you. Recipients should seek professional investment, legal and taxation advice as to whether an investment in the Trust is appropriate for them having regard to their personal objectives, financial situation and needs. The information in this IM is provided

personally to the Recipient as matter of interest only. It does not amount to a recommendation either expressly or by implication with respect to any investment in the Trust.

The contents of this IM are:

- not intended to be disclosed to any person other than the person to whom the IM has been provided by Newmark;
- strictly confidential;
- not to be disclosed by any Recipient to any other person or entity, whether an associate or related corporation of the Recipient, other than an employee or professional adviser to the Recipient and then only for the sole purpose of the Recipient considering and taking advice as to whether it will apply for further Units in the Trust and on a confidential basis; and
- not to be reproduced, either in whole or in any part or parts, without Newmark's prior written consent and, if such written consent is given, only in accordance with that consent.

In the event the Recipient does not participate in the Rights Issue, this IM, along with all related materials must be returned to Newmark immediately upon demand.

Newmark reserves the right not to proceed with the Rights Issue. In that event, any payments received will be returned in full without interest.

Definitions of certain terms used in this IM appear in the glossary in section 9.

All references to '\$' or 'AUD' are to Australian dollars unless the context otherwise requires.

Unless otherwise stated, all fees in this IM exclude GST.

The photographs contained in this IM depict the Property, unless otherwise indicated or the context otherwise requires.

Contents

	Important Information	2
	Letter to Investors	5
1	Summary of the Rights Issue	6
2	Details of the Rights Issue	8
3	Market update	13
4	Project update	15
5	Financial information	19
6	Risks	22
7	Taxation information	24
8	Other information	27
9	Glossary	30
10	How to invest	32
	Application Form	33

Letter to Investors

21 March 2024

Dear Investor

The Trust acquired 299 Bourke Street, Melbourne in August 2020 to offer investors the opportunity to capitalise on the unique combination of the Property's location, heritage, architecture and its appeal to both retail and office tenants.

Since its establishment, the Trust has achieved the following key milestones:

- pre-committed approximately 96% of the income while David Jones was still in occupation;
- entered into agreements for lease with some leading international brands including Clemenger, MECCA and Rodd & Gunn. Notably:
 - Clemenger was the third largest office leasing deal in the Melbourne CBD during 2021;
 - MECCA is the largest new retail leasing deal in the Melbourne CBD; and
 - the Trust achieved an average lease expiry across the building of ~10 years;
- secured favourable heritage and town planning permits;
- committed a builder through a competitive tender process during a challenging period in the construction market; and
- added an extra 1,602 sqm of useable building area, which has also contributed to additional value.

During this period, the Trust has also experienced several unexpected events that have impacted on its investment performance with 13 interest rate increases, construction sector price escalation, supply chain and labour shortages, construction related approvals, latent conditions and downward pressure on market valuations.

In the face of these challenges, additional time and capital will be required to reduce reliance on debt, cover cashflow requirements over the remainder of the Project and crucially, to retain the flexibility to hold the Property until after tenants are open and their trading performance can be proven to prospective buyers. In particular, Newmark is conscious of the potential upside for investors if the Trust can sell the Property after the full value of MECCA's sales potential is realised, noting that

the MECCA lease includes a significant component of turnover rent.

Newmark also believes that there is significant potential upside for investors if a sale can be executed once investment and property markets commence recovering in a stabilising interest rate environment.

Sourcing the required funds from debt has been carefully considered, however the cost of doing so will reduce investor returns and the flexibility to hold the Property and sell at the right time. Newmark therefore recommends that the required capital be sourced from equity instead of debt.

Accordingly, the Trustee is offering existing Unitholders in the Trust the right to subscribe for 3 Class A Units for every 5 Units already held, at an issue price of 55 cents per Class A Unit. The Rights Issue aims to raise up to \$30 million in total. The features of Class A Units are:

- 12 cents per Unit (**CPU**) preferential capital return in addition to the net asset value (**NAV**) per Unit on disposal of the Property;
- preferential liquidity, ranking ahead of Ordinary Units and behind Class B Units on a winding up of the Trust; and
- the same income entitlements as Ordinary and Class B Units.

We believe the Rights Issue provides the opportunity for investors to achieve a superior risk adjusted return over the balance of the Trust term.

In closing, 299 Bourke Street is an iconic landmark property, and we are confident that it will benefit in an improving market and put investors in a position to benefit from any such recovery.

Should you have any questions in relation to the Rights Issue or any other questions relating to the Property or the Trust, the Newmark team is available.

Yours sincerely,

Newmark Capital Limited

1 Summary of the Rights Issue

1.1 Rights Issue details

Total equity to be raised	Up to \$30.0 million
Rights Issue offer	<p>3 Class A Units for every 5 Units (Ordinary or Class B) you hold as at the Offer opening date.</p> <p>You may apply for more or less Class A Units than your 3 for 5 entitlement.</p> <p>If the Rights Issue is not fully subscribed by existing investors, the Trustee will offer remaining Class A Units to related entities of existing investors (to ensure existing investors have flexibility in how to participate) as well as existing investors who have requested more Class A Units than their entitlement. The Trustee may offer any remaining Class A Units to new eligible investors. These offers would be made under a separate Information Memorandum. Such an offer may be made in parallel to, or concurrently with, the offer under this Information Memorandum, but the offer under this Information Memorandum will be prioritised.</p>
Issue Price	The NAV per Unit of \$0.55 based on an 'as if complete' property valuation of \$225m
Features of Class A Units	<ul style="list-style-type: none"> • 12 CPU preferential capital return in addition to NAV per Unit on disposal of the Property • Preferential liquidity, ranking ahead of Ordinary Units and behind Class B Units on a winding up of the Trust • The same income entitlements as Ordinary and Class B Units
Offer opens	21 March 2024
Offer closes	18 April 2024
Investment structure	Fully paid Class A Units
Rights Issue offer payment due	18 April 2024
Eligible investors	The Rights Issue under this document is only open to existing wholesale Unitholders receiving this IM within Australia who accept the conditions of receipt of this IM.
Investment term	Expected to be 12 – 18 months, subject to prevailing market conditions and the amount of equity raised under this offer.
Fees	<p>The Trustee and its associates are entitled to certain fees as described in the Information Memorandum for the Trust dated 6 July 2020 (Original IM).</p> <p>However, Newmark will not charge its management fee of 0.60% p.a. of gross assets in respect of the Class A Units (notwithstanding the terms of the Trust Deed and the Original IM).</p> <p>Refer to Section 7 of the Original IM for further information regarding other fees that the Trustee and its associates may be entitled to receive in respect of the Trust and the Class A Units.</p>

1.2 Property information

Property	299 Bourke Street, Melbourne, Victoria
Valuation of the Property	\$225m on an 'as if complete' basis (valuation issued on 20 December 2023)
Refurbishment of the Property	While the Trust commenced refurbishment of the Property in August 2022, the refurbishment costs have exceeded initial estimates due to delays and latent conditions, and the ongoing market conditions have also made it challenging to deliver the Project on time and on budget. See section 4 for more information about the status of the Project.

1.3 Key financial information

Issue Price	55 cents per Class A Unit The Issue Price represents the NAV per Unit of the Trust recognising the Property at an 'as if complete' value of \$225.0m
Return on Rights Issue Investment	Upon disposal and settlement of the Property, each Class A Unit will be entitled to the prevailing NAV per Unit plus an additional capital payment of 12 CPU. The NAV per Unit is calculated after accruing for the Class A (12 CPU) and Class B (10 CPU) capital entitlements.
Forecast return on investment range on Class A Units	15% to 38% assuming the Property is sold for \$225m or \$250m, respectively.
Debt Facility	The Trust has a current debt facility from a major Australian bank with a total limit of \$151.2m. Should the Offer be fully subscribed, the term of the facility will be extended to October 2025. The facility also includes an ability to further extend and refinance the debt into a new tranche and upon this occurring, the financial covenants in the facility (LVR and ICR) will be waived until maturity.

Refer to section 5 – Financial information for further detail

2 Details of the Rights Issue

2.1 Overview

Newmark acquired 299 Bourke Street, Melbourne (**Property**), located in the heart of Melbourne's Bourke Street Mall in August 2020. The Property enjoys frontage to both Bourke Street Mall and Little Collins Street and comprises approximately 2,247m² of Capital City zoned land holding.

The Trust commenced refurbishment of the Property in August 2022. Project costs have exceeded initial estimates due to unprecedented construction cost escalation, delays and latent conditions requiring rectification. These factors also impacted the Project programme and budget. See section 4 for more information about the status of the refurbishment of the Property.

The Trust now requires additional funds to complete the refurbishment Project and to provide additional time to sell the Property once the trading performance of key tenants becomes known. The Trustee's preference is to fund the completion using equity, and it therefore seeks to raise up to a further \$30 million from existing investors in the Trust. If this is not achieved, the Trustee will seek new investors not currently invested in the Trust. If this is unsuccessful, the Trustee has negotiated additional debt financing to complete the Project. A condition of the debt financing is that the Trustee raises at least \$15 million on behalf of the Trust to support the completion of the refurbishment.

The Trustee believes this Rights Issue is in the best interests of investors as it will:

- provide the capital to fund the balance of works without the need for expensive mezzanine debt;
- result in a lower LVR at completion of Project;
- provide the opportunity for tenants to demonstrate trading performance and for market conditions to improve; and
- provide the opportunity to maximise sale price and returns for investors.

2.2 Rights Issue

Investors are offered the opportunity to subscribe for 3 Class A Units for every 5 Units already held.

You may apply for more or less Class A Units than your 3 for 5 entitlement. If the Rights Issue is not fully subscribed by existing investors, the Trustee will offer remaining Class A Units to related entities of existing investors (to ensure existing investors have flexibility in how to participate) as well as existing investors who have requested more Class A Units than their entitlement. The Trustee may offer any remaining Class A Units to new eligible investors. These subsequent offers would be made under a separate Information Memorandum.

The Issue Price of the Class A Units is the current NAV per Unit (\$0.55) – based on an 'as if complete' valuation of \$225m. The NAV is calculated after accruing for the Class A (12 cents per Unit) and Class B (10 cents per Unit) capital entitlements.

Class A Units will have the same income entitlement as Ordinary and Class B Units, and preferential entitlements upon the sale of the Property and winding up of the Trust. Upon disposal and settlement of the Property (or, at the Trustee's discretion upon the refinance of the Trust), each Class A Unit will be entitled to the prevailing NAV per Unit plus an additional capital payment of 12 CPU. Class A Units will rank in priority to Ordinary Units and behind Class B Units on a winding up, meaning that after the sale of the Property, capital proceeds will be distributed in the following order:

- first, to Class B Units, including their 10 CPU additional capital entitlement;
- second, to Class A Units, including their 12 CPU additional capital entitlement; and
- third, to Ordinary Units.

The Rights Issue will open on 21 March 2024 and close 18 April 2024.

2.3 If an existing investor does not participate

Investors have a right to apply for more or less Class A Units and may elect not to participate. Where an investor elects not to take up their rights, their proportionate equity holding in the Trust will be diluted to the extent that additional equity is raised from others.

The table below illustrates the difference between an investor holding 100,000 Units in the Trust that takes up their rights and the same investor who does not:

	Participating investor		Non-participating investor	
	Units	\$	Units	\$
Original Units	100,000	\$100,000	100,000	\$100,000
Proportional holding in the Trust before Rights Issue	0.11%		0.11%	
Class A Units acquired under Rights Issue	60,000	\$33,000	nil	
Total holding after Rights Issue	166,000	\$133,000	100,000	\$100,000
Proportional holding in the Trust after Rights Issue	0.11%		0.07%	
Change in proportional holding	nil		-38%	

2.4 How to invest

The Rights Issue is open to existing investors who are receiving this IM in Australia.

You can accept your entitlement or apply for more or less Class A Units simply by making payment of the relevant subscription amount as set out on the personalised Acceptance Form. Further details on how to apply are included in section 10. For any queries relating to your application for investment, please contact Newmark Investor Relations on 03 9066 3966 or via email at investor@newmarkcapital.com.au.

Please note that Newmark may accept or reject any application (in part or in full) at its discretion. Newmark also reserves the right not to proceed with the Rights Issue. In that event, any payments received will be returned in full without interest.

Note that investor's investing less than \$500,000 under the offer made in this Information Memorandum will be required to provide Newmark with a Wealth Test Certificate unless otherwise agreed with Newmark. See the Acceptance Form attached to this Information Memorandum for further information. Investors may also be required to provide identification information for the purpose of complying with the provisions of the AML/CTF Act.

2.5 Impact of the Rights Issue and strategic alternatives considered

Equity funding

If the issue of Class A Units raises \$30 million, the Trustee anticipates the Trust will have sufficient funds to complete the refurbishment without obtaining further debt financing. The Trustee is of the view that this will be beneficial to investors as it will lower the LVR on completion of the Project (see table below) and will not erode returns to investors that will result from utilising mezzanine financing which incurs a higher interest rate. At this stage, the Trustee plans to commence steps to dispose of the Property following the completion of the refurbishment and once key retail tenants, such as MECCA, have had a period of time to demonstrate their trading performance. Notwithstanding this, the Trustee maintains the right to hold the Property for an additional period or otherwise deal with the Property in any manner if it considers to be in the best interests of investors.

Impact of the Rights Issue on the Trust's LVR

	Pre-Rights Issue	Post-Rights Issue
Property value 'as if complete'	\$225m	\$225m
Borrowings	\$173m ¹	\$143m ²
LVR	77%	64%

1. Total borrowings that would be required to complete the Project.

2. Total borrowings at completion of the Project, assuming the Rights Issue is fully subscribed.

Equity and debt funding

The Trustee has negotiated further debt financing of \$15.0 million for a term of 12 months if it is unable to raise the full \$30 million equity from the issue of Class A Units. A condition of the debt financing is that the Trust raise at least \$15 million from the issue of Class A Units to support the completion of the refurbishment.

Although obtaining debt financing will enable the Trust to complete the refurbishment of the Property, the mezzanine debt facility comes with a higher interest cost which will erode investor returns and the net tangible assets of the Trust. Further, the Trustee anticipates that it would need to dispose of the Property immediately on completion of construction given the 12 month term of the mezzanine debt facility, in order for the Trust to repay both the senior debt facility and the mezzanine debt facility. This would require commencement of the sale campaign prior to the completion of the refurbishment and therefore before the tenant performance is known. Without this key information, this may result in difficulties selling the Property, or the Property being sold for a lower amount than initially expected.

Insufficient funding

If the issue of Class A Units raises less than \$15 million, the Trustee anticipates that it will be unable to complete the refurbishment and would need to dispose of the Property prior to completion of construction. In such circumstances, application money received by the Trustee would be returned to investors without interest. The Trustee does not consider it to be in the best interests of investors to dispose of the Property whilst refurbishment works continue as the market conditions are still very fluid and uncertain. Further, Newmark considers that the ability to achieve the original cost of the Property will be materially diminished.

Summary of outcomes

The following table summarises various outcomes for different levels of equity raised.

Impact of the issue of Class A Units on the Trust's financing arrangements

Class A Equity Raised	Mezzanine Debt Required	Total Capital	Trust's Intent
\$30 million	Nil	\$30 million	The intent of the Trust is to finish the refurbishment works and provide additional capital to reduce borrowings. This should provide the Trust with sufficient time and maximum flexibility to understand the trading performance of tenants (see section 4.5) before selling the Property, and more time to allow commercial property markets to improve (see section 3.2), thereby maximising value for investors.
\$25 million - \$29.99 million	Nil	\$25 million - \$29.99 million	The intent of the Trust is to finish the refurbishment works and provide a level of additional capital to reduce borrowings. This should provide the Trust with some time to understand the trading performance of tenants (see section 4) before selling the Property, and some time to allow commercial property markets to improve (see section 3.2). Cost contingencies may be lower than a fully subscribed Class A equity raise.
\$15 million - \$24.99 million	\$15.0 million - \$0 million	\$29.99 million - \$24.99 million	The Trust is able to finish the refurbishment works but will need to sell the Property within 12 months of completing the Class A Offer to comply with the 12-month term of the mezzanine debt facility. This will not allow the tenants trading performance to be known and may inhibit the maximum sales price of the Property. Over and above the impact to the Property value as a result of commencing a sale campaign of the Property before tenant performance is known, should mezzanine debt be required to be utilised to complete the Project, this will impact the returns to investors. Utilising \$15.0 million of mezzanine debt is expected to result in an additional interest cost of 2.2 cents per Unit.
Less than \$15 million	Not available as the minimum equity raise of \$15 million not achieved	Nil. Any capital raised will be returned to investors.	The Trust will not be able to finish the refurbishment and will need to sell the Property prior to its completion. This is likely to result in a poor outcome for investors.

2.6 Key dates

Step	Target Date*
Offer opens	21 March 2024
Offer closes	18 April 2024
Investors return acceptance form with application monies	18 April 2024
New Units allocated	24 April 2024

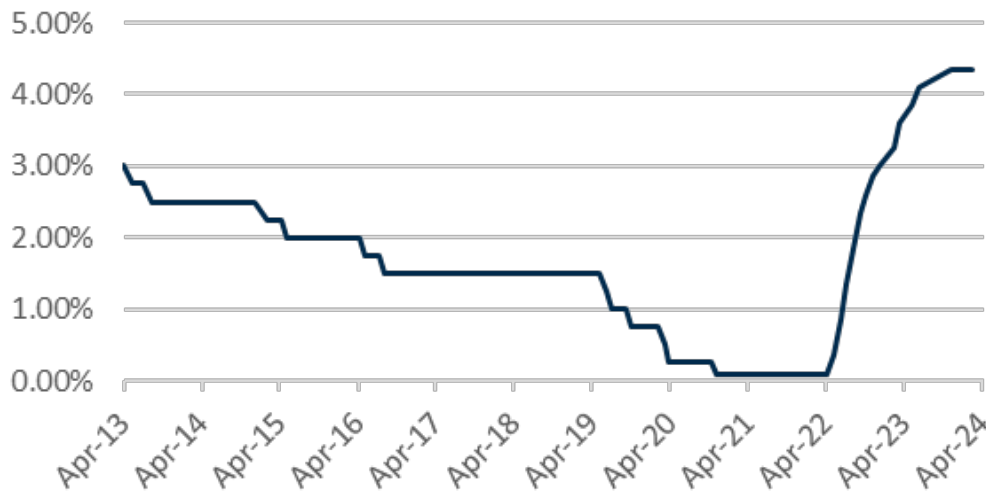
* Note that this timetable is indicative only and all dates are subject to change without notice.

3 Market update

3.1 Economic Update

Since the RBA commenced raising interest rates in April 2022 with the RBA cash rate increasing from a low of 0.1% to 4.35% in an 18-month period, the Australian commercial property sector has been negatively impacted as cost of funding pressures and required yields on investments have increased.

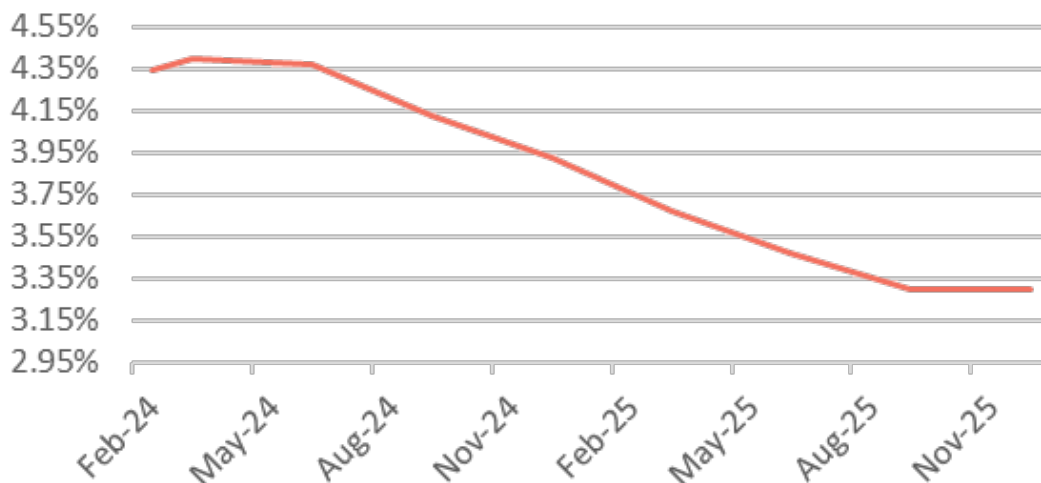
RBA Cash Rate: 2013 - 2024



Source: RBA

In November 2023 the RBA increased the cash rate target to 4.35% with the RBA noting that returning inflation to target within a reasonable timeframe remains the RBA’s priority. Global economic growth was stronger than expected in 2023, with economic activity surprisingly resilient to the sharp shift to higher interest rates. In Australia, a strong rebound in overseas migration and international tourism is supporting services sector activity despite a slowdown in consumer spending, leading the International Monetary Fund (IMF) to upgrade its 2023 GDP growth forecast for Australia to 1.8%. Recent inflation data points to consumer price pressures in the US and Europe moderating more quickly than expected. However, inflation in Australia is moderating more slowly, reflecting various factors, including strong population growth, which is contributing to strong growth in housing rents and services price inflation, as well as tight labour market conditions, leading to upward pressure on wage growth.

Bank Bill Swap Rate (BBSW) Forward Curve: Feb 2024 – Dec 2025



Source: Westpac Banking Corporation

Consensus is Australia is at the peak in the interest rate cycle, where markets are pricing in rate cuts over the next 12 months (as illustrated in the above BBSW chart). With major central banks at or very near the end of the tightening cycle, bond markets have become increasingly volatile as financial markets struggle to price the probability of interest rate cuts in 2024. Outlook for interest rates has improved although the exceptional volatility in bond markets in recent months highlights the potential for rapid and abrupt changes to the outlook. From November 2023 to January 2024, there was 110bp of change 10-yr bond rates which is a key benchmark used by property valuers to assess property yields and market value.

Aus 10 Yr Bond v. BBSW 3-M: Aug 2023 – Feb 2024



Source: Bloomberg

3.2 Real Estate Market Update

Commercial property investment activity remains subdued globally, with investment volumes down by over 50% over the year to Q3 2023 and around 30% below the 2015-19 average. Australia has recorded a larger decline in activity year-on-year compared to the global average, reflecting the slower adjustment of capital values to higher interest rates, which has led to an ongoing gap between buyer and seller expectations, hindering investment activity. Interest rate stability and further pricing adjustment will reduce the gap between buyer and seller expectations and help fuel a recovery in investment market activity.

From an office market perspective, higher interest rates and debt cost continue to put upward pressure on yields, although transactional evidence remains limited. In the major CBD markets, Sydney and Melbourne recorded the least softening in premium market yields, with Sydney yields moving out by 7.5bps to average 4.875%, and Melbourne yields widening by 12.5bps to 5.00%. Ongoing demand for premium space continues to drive rental growth, which is offsetting widening yields.

From a retail market perspective, total investment volumes (\$10m+) reached c.\$876 million in Q3. This is an improvement on the previous quarter (c.\$637m), however represents a 44% drop on the same period last year. While the market continues to adapt to the rapidly evolving economic environment, investors overall retain strong interest in the sector and the fundamentals support long-term growth. There has been a less dramatic shift in retail valuations to date, relative to the other commercial sectors, given the sector underwent a large proportion of its pricing correction during 2020.

After a period of significant negative sentiment, the prospect of interest rates declining in the next 12-18 months will likely result in renewed investment appetite and activity. For office and retail assets, there is likely to be a sharp divergence depending on asset quality within their local market. Several factors are pushing against new commencements in 2024, with developers likely to find it difficult to meet feasibility thresholds in the face of rising construction costs and elevated funding costs impacting Project costs, while a backdrop of higher yields impacts asset values. However, a slowdown in commencements will impact the future pipeline and potentially create a risk of a shortage of prime space in the future. While overall market vacancy rates may remain elevated for some time, the demonstrated strength of tenant demand for newly built space will mean a potential shortage of new buildings at this time. This will also act to drive up the face rents on new developments and in turn, aid the prime market recovery and widen the gap between prime and secondary rents.

4 Project update

4.1 Our Vision

Newmark has the objective of setting a new standard for the adaptive reuse of an existing building and unlocking the potential of one of Melbourne's most beloved and important destinations for future generations. With an expansive frontage to Bourke Street Mall and Little Collins Street coupled with a distinctive and significant tiled façade the heritage listed former David Jones Menswear building and Coles variety store has always held an emotional connection with Melbournians as a key site of the Bourke Street Mall.

The retail areas on the Lower Ground, Ground and First Floors will be international flagship locations of renowned retailers MECCA and Rodd & Gunn. The retail areas have high ceilings, large display windows for maximum exposure and scatterings of retained historic design details connecting the building to its past. The world class Rodd & Gunn and MECCA retail fit outs will raise the bar of the customer experience creating new and unique flagship premises drawing visitation from far and wide, cementing the site at the epicentre of Melbourne CBD's post COVID retail revival.

An almost 4,000 sqm MECCA flagship, the largest beauty emporium in Australia, will serve as an all-encompassing health and wellbeing destination. Spanning three stories, the offer is proposed to extend past the traditional cosmetics offer to include hairdressing, a nail salon, various skin therapies, on site dermatologists, private and group treatment rooms specifically designed to cater for special events and weddings.

The 756sqm Rodd & Gunn store will build on the brands foray into the hospitality space by creating Melbourne's only 'Lodge Bar & Grill' in addition to their curated fashion and adventure apparel offer. The location will include a 236 sqm restaurant showcasing carefully selected New Zealand produce overseen by renown executive chef Matt Lambert.

The repositioned upper office floors are accessed from a new address and office lobby located on Little Collins Street, together to be known as '280 Little Collins Street'. Wholly occupied by the Clemenger Group, the office components have been revamped with new amenities, new lifts, new services throughout and contain three signature outdoor terrace locations for staff and visitors to enjoy. Owing to their retail past the office floors enjoy generous ceiling heights and an efficient footprint with large amounts of natural light providing Clemenger Group the ideal canvas to design a creative led workplace.

Newmark was able to unlock an additional ~1,600 sqm of office floor area, critical to securing the Clemenger Group through careful consideration of the existing heritage and building elements.

In total, the building will comprise 5,323 sqm of retail floor space and 7,560 sqm of office area.

4.2 Our Tenants

MECCA

MECCA has redefined the beauty landscape in Australia and Aotearoa (New Zealand), leading in retail innovation and delivering the ultimate beauty experience. With over 25 years of drive (and beauty obsession), MECCA has become Australia’s largest prestige beauty retailer under the leadership of its enterprising founder, Jo Horgan. MECCA captivates over four million customers every year through a network of 100+ stores,

The MECCA tenancy will be approximately 3,988sqm across 3 levels and will be the largest beauty emporium in the Southern Hemisphere.



In its current form, the brand was established in 1987 when the first stand-alone store opened in Queen Street, Auckland, New Zealand. And from that moment forward, the Rodd & Gunn brand became synonymous with quality. Over the years, it has earned a reputation for crafting timeless garments that are made to last. From the fabrics sourced, to the techniques used to construct its clothing, quality is the undercurrent that buoys the brand.

The Rodd & Gunn tenancy will be approx. 756sqm split over 3 levels (Ground, Mezz and Level 1) including restaurant and wine bar.

CLEMENGER BBDO

Clemenger Group Limited is the holding company of a group of companies involved in advertising and marketing communications throughout Australia and New Zealand. The Clemenger tenancy will be approx. 7,560 sqm and comprise 900+ employees spanning 5 levels – 2,3,4,5 & 6 and including 3 distinct outdoor terraces.

4.3 Property Tenancy Schedule

	Lease Term	Lettable Area (sqm)	% Area	Use
Clemenger	7 years	7,560	59%	Office
MECCA	12 years	3,988	31%	Retail
Rodd & Gunn	12 years	756	6%	Retail
Lower Ground (Vacant)	N/A	579	4%	Retail
Total / Weighted average lease expiry (WALE)	9.8 years WALE	12,883	100%	

96% of the Property is subject to an agreement for leases to Clemenger Group, MECCA and Rodd & Gunn. The remaining 579sqm Lower Ground vacancy has been widely marketed and Terms have been received from Rodd & Gunn to expand its current tenancy – which further highlights the tenant’s investment and optimism for the property and its location.

Each of MECCA, Rodd & Gunn and Clemenger have fully documented their fit-out designs, sought relevant authority approvals and have procured their own contractors who will carry out the construction of the fit out once Newmark has handed over the base premises.

4.4 Property Income Summary – ‘as if complete’

	\$	Comments
Passing Rent - Retail	\$8.6m	Includes percentage rent from MECCA assuming MECCA achieves turnover of \$85m (incl. GST). Refer below for further information regarding percentage rent.
Passing Rent – Office	\$6.0m	
Gross Rent	\$14.6m	
Property Expenses	(\$2.4m)	
Net Income	\$12.2m	

4.5 Percentage Rent

There is a significant portion of the Property’s ‘as if complete’ income linked to MECCA’s store performance and the resulting percentage rent.

Illustrated in the table below is the impact of MECCA’s turnover on percentage rent.

	MECCA Turnover Range – Impact on % Rent		
MECCA Sales Turnover (excl. GST)	\$70.0m pa	\$85.0m pa	\$100.0m pa
Percentage Rent	\$2.2m pa	\$3.3m pa	\$4.3m pa

By way of illustration, if MECCA’s sales turnover increases from \$85 million to \$100 million (excl. GST), the value of the Property should increase by approximately \$18.6 million (holding all else constant), which is equivalent to 13 CPU.

4.6 Status of Construction and Programme

In terms of construction, ongoing demolition work uncovered significant structural issues. This includes previous refurbishment works undertaken by others which were found to have altered the structural integrity of the Property, and key works had to be re-sequenced until remedial work was undertaken to ensure the stability of the building.

The construction programme is now 76% complete, key construction risks are now mitigated and accelerated works are underway. A first office floor handover is expected in late April followed by an expected progressive handover to tenants from June to August 2024, noting that Clemenger’s handover is expected to commence in April 2024 when level 2 is expected to be handed over.

Tenant	Anticipated Tenant Handover Date	Sunset Date for Tenant Handover	Anticipated Lease Commencement Date
MECCA	From June 2024	August 2024	November 2024
Rodd & Gunn	From July 2024	N/A	November 2024
Clemenger	From April 2024	December 2024 ¹	November 2024
Lower Ground (Currently Vacant)	TBC		TBC

¹The original sunset date is 30 June 2024. Under the term of the AFL, the Trust has the right to extend the Clemenger Sunset Date subject to certain events occurring, such as delays in a relevant regulatory authority providing the requisite approval necessary for the Trust to handover the Property to Clemenger. The Trust has issued a notice to Clemenger stating that certain delay events have occurred which have the effect of the Sunset Date being extended to 17 December 2024. See 'Tenancy risks' in section 6 for further information relevant to sunset dates.

The additional unbudgeted costs related to the refurbishment of the Property are \$28.0 million, comprising:

- tenant variations of \$3.8 million (variations associated with Rodd & Gunn and MECCA which are rentalised);
- latent conditions of \$9.9 million;
- prolongation costs of \$5.3 million; and
- interest costs of \$9.0 million (as a result of higher interest rates, Project delays and a greater level of borrowings required to complete the Project)

Refer to section 6 for review of risks associated with the Project.

5 Financial information

Detailed below is the forecast return on investment range for investors, subject to the outcome of the disposal value of the Property.

The information detailed provides the forecast returns to investors, distinguishing between a participating investor, a non-participating investor and a new investor.

5.1 Class A Units - Forecast Return on Investment Range

	Return on Investment Range		
Property Value Range	\$ 225.0m	\$ 250.0m	\$ 275.0m
Class A Units	15%	38%	69%

Refer to section 5.4 for review of worked examples.

5.2 Total Investment – Forecast Return on Investment Range (Ordinary Participating Investor v. Ordinary Non-Participating Investor)

	Return on Investment Range		
Property Value Range	\$ 225.0m	\$ 250.0m	\$ 275.0m
Participating Investor – Total Return on Investment (Class A plus Ordinary Units)	(33%)	(18%)	3%
Non-Participating – Total Return on Investment (Ordinary Units Only)	(49%)	(36%)	(19%)

Refer to section 5.4 for review of worked examples.

5.3 Total Investment – Forecast Return on Investment Range (Class B Participating Investor v. Class B Non-Participating Investor)

	Return on Investment Range		
Property Value Range	\$ 225.0m	\$ 250.0m	\$ 275.0m
Participating Investor – Total Return on Investment (Class A plus Class B Units)	(26%)	(10%)	10%
Non-Participating – Total Return on Investment (Class B Units Only)	(39%)	(26%)	(9%)

5.4 Worked Example – Ordinary Participating Investor v. Ordinary Non-Participating Investor

(a) Assuming a sale price of \$275m

Worked Example:	Participating Unitholder (Assuming sale \$275m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Class A Units (3 for 5)	60,000	\$33,000	93 CPU	\$55,800	69%
Original Units	100,000	\$100,000	81 CPU	\$81,000	(19%)
Total	160,000	\$133,000		\$136,800	3%

Worked Example:	Non-Participating Unitholder (Assuming sale of \$275m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Original Units	100,000	\$100,000	81 CPU	\$81,000	(19%)
Total	100,000	\$100,000		\$81,000	(19%)

*Forecast NAV per Unit is calculated after accruing for the Class A (12 cents per unit) and Class B (10 cents per unit) premiums.

(b) Assuming a sale price of \$250m

Worked Example:	Participating Unitholder (Assuming sale \$250m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Class A Units (3 for 5)	60,000	\$33,000	76 CPU	\$45,600	38%
Original Units	100,000	\$100,000	64 CPU	\$64,000	(36%)
Total	160,000	\$133,000		\$109,600	(18%)

Worked Example:	Non-Participating Unitholder (Assuming sale of \$250m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Original Units	100,000	\$100,000	64 CPU	\$64,000	(36%)
Total	100,000	\$100,000		\$64,000	(36%)

*Forecast NAV per Unit is calculated after accruing for the Class A (12 cents per unit) and Class B (10 cents per unit) premiums.

(c) Assuming a sale price of \$225m

Worked Example:	Participating Unitholder (Assuming sale \$225m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Class A Units (3 for 5)	60,000	\$33,000	63 CPU	\$37,800	15%
Original Units	100,000	\$100,000	51 CPU	\$51,000	(49%)
Total	160,000	\$133,000		\$88,800	(33%)

Worked Example:	Non-Participating Unitholder (Assuming sale of \$225m)				
For Investor that originally acquired 100,000 units	Units	Cost	Forecast NAV per Unit*	Forecast Value	Forecast ROI
Original Units	100,000	\$100,000	51 CPU	\$51,000	(49%)
Total	100,000	\$100,000		\$51,000	(49%)

*Forecast NAV per Unit is calculated after accruing for the Class A (12 cents per unit) and Class B (10 cents per unit) premiums.

6 Risks

All investments carry risk. It should be recognised that there are risks associated with an investment in the Trust which may, directly or indirectly, impact on the returns and viability of the Trust.

Before deciding whether to subscribe for Class A Units, you should consider whether a further investment in the Trust, is suitable for you. The risks associated with an investment in Class A Units include but are not limited to the following:

Risk	Description
Property value risk	The value of the Property is closely linked to its market capitalisation rate and to its successful refurbishment, as well as its future rental income, occupancy levels, lease terms, location and other supply and demand factors. In particular, some tenants pay a base rent plus additional rent based on turnover. Given these are new store locations, turnover rent levels are not currently known and at least a few months of trading will be required to determine what additional rent will likely be payable. Changes to any of these elements will affect the Trust's income and the value of the Property, which in turn will affect the value of your investment in the Trust.
Tenancy risks	Both Clemenger and MECCA have sunset dates in their respective AFL's which is the final date by which the Property must be handed over for fitout. There is a risk that if the landlord's works are not completed by the sunset dates under the Clemenger and MECCA AFLs (refer to section 4.6), these tenants may dispute or terminate their AFL. If this occurred, Property income and the Property's valuation may be materially reduced and the Trust may not comply with debt facility covenants.
Rights Issue risk	<p>There is a risk that the Rights Issue is not fully subscribed and the Trust is unable to raise further equity from the issue of Class A Units to new investors. In that event, the Trust may not be in a position to complete the refurbishment of the Property and may need to dispose of the Property earlier than anticipated. Also, the Trust may seek to raise funds using other methods such as mezzanine debt which, if successful, may dilute the returns to investors in the Trust and may result in the Property being sold prior to:</p> <ul style="list-style-type: none"> • commercial property markets recovering somewhat from their current low; and • capitalising on the trading performance of tenants, which flows through to the rent payable to the Trust and therefore maximising the value of the Property. <p>If less than \$15m is raised, The Trust will not have sufficient capital to be able to draw on the mezzanine debt facility and finish the refurbishment works, and will need to sell the Property prior to its completion in order to repay the debt facility. This is likely to result in a poor outcome for investors.</p>
Liquidity risk	There is a risk that Newmark will not be able to offer liquidity to any investors holding Units, including Class A Units, within the 12-18 month timeframe. Liquidity for all classes of unitholders will be subject to the successful sale of the Property.
Asset realisation strategy risk	There is a risk that the refurbishment may be subject to further unanticipated construction delays, increased construction costs or unanticipated delays by the tenants fitting out their space and therefore opening for trading.

Risk	Description
	Additionally, depending on the amount of equity raised, the Trustee may need to sell the Property earlier than initially estimated. If that is the case, the asset strategy and the investment objectives of the Trust may not be achieved.
Economic risk	Changes in the Australian economy may impact the performance of the Trust and the value and return on Class A Units. Examples include changes in the economic outlook, changes in governmental laws and regulations, changes in inflation, interest rates, capitalisation rates of Australian commercial real estate or changes in consumer spending.
Concentration of property risk	As the Trust is invested in the Property which is located in the Melbourne CBD, an event that impacts the commercial property market in or surrounding the CBD could materially impact the value of Class A Units.
Forecast risk	Projected or target returns are based on assumptions which may prove to be incorrect. As a result, targeted returns may not be achieved. Further capital works may be required on the Property that may not have been budgeted for. The Trust has factored in an additional \$3m for contingency. Should remaining capital works cost more than budgeted for any reason, this would impact the Trust's ability to achieve the forecast returns for investors.
Capital expenditure requirements risk	Further capital works may be required on the Property that may not have been budgeted for. The Trust has allowed for an additional level of contingency. Should remaining capital works cost more than budget for any reason, this would impact the Trust's ability to achieve the forecast returns for investors.
Gearing risk	Gearing increases the potential for gains and losses in respect of any investment in the Trust. A downturn in the valuation or the income of the Property may cause the Trust to breach financial covenants in its debt facility. In such circumstances, Unitholders may suffer from a decrease or cessation of income distributions and loss of some or all of their capital.
Dispute risk	The Trust may have limited legal recourse in the event of a dispute, and remedies may have to be pursued in the courts.

7 Taxation information

7.1 Taxation for Australian residents

The information in this section is of a general nature and is not, nor is it intended to be, tax advice, and cannot be relied upon as such. Each Unitholder must take full and sole responsibility for their own investment in the Trust, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of the investment. Accordingly, prospective investors should seek personal tax advice to take into account their individual circumstances.

This summary provides an outline of the principal Australian tax consequences relating to the acquisition, holding and disposal of Units for an Australian tax resident investor who holds their investment in the Trust on capital account.

The summary does not intend to address the tax implications for Unitholders that:

1. hold their Units on revenue account or as trading stock;
2. make an election under the Taxation of Financial Arrangements (TOFA) provisions that affects the recognition of income in respect of Units;
3. are exempt from Australian tax;
4. are non-residents; or
5. are temporary residents of Australia.

The summary does not address the tax implications for persons that invest in the Trust indirectly.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of an investment in the Trust. The information contained in this section is of a general nature only. It is based on, and limited to, Australian tax law and practice in effect at the date of this IM.

7.2 Tax treatment of the Trust

AMIT regime

The Trust elected to become an Attribution Managed Investment Trust (AMIT) through the lodgement of its first AMIT income tax return. Accordingly, Unitholders are subject to tax on the assessable income components of the Trust that are attributed to them under the AMIT rules each year ending 30 June. For the avoidance of doubt the Trust Deed provides that the Trustee may elect to apply the AMIT rules to the Trust.

The Attribution Managed Investment Fund (AMIT) regime applies to qualifying Managed Investment Funds (MITs) that make an irrevocable election to become an AMIT. The AMIT Rules do not apply automatically to all MITs. For the AMIT Rules to apply, the Trust must satisfy certain requirements and Newmark Capital, as Trustee, may make an election (which is irrevocable).

An AMIT must attribute its taxable income to investors on a fair and reasonable basis. The details of the taxable income attributed to Unitholders will be set out in an AMIT Member Annual Statement (AMMA) which will be issued to Unitholders. If there are assessable income components that are not attributed to an investor, the Trust will be subject to tax at the highest marginal rate (plus the Medicare levy) on those non-attributed assessable income amounts.

The AMIT rules do not require full distribution of income for the attribution of assessable income to Unitholder. Accordingly, it is possible that the amounts that are attributed to a Unitholder, and which must be included in the Unitholder's income tax return that will exceed the total distribution (including reinvested amounts) you receive.

An essential prerequisite for a trust to be recognized as a MIT or an AMIT is that the trust should not fall under the categorisation of a 'Trading Trust'. In the context of a property trust the trustee must only hold land for the primary purpose of deriving rent. On the basis that the trustee's primary purpose for holding the land was and is for gaining

a rental return (as opposed from a capital growth), it is expected that this requirement will be satisfied. The Trustee intends to administer the Trust so that this requirement is met on an ongoing basis.

Capital Account Election

In relation to capital gains, an AMIT can make an irrevocable election to apply the capital gains tax rules as the exclusive code for the taxation of gains and losses on disposal of certain assets by the Fund.

This election was made by the trustee on the lodgement of its first income tax return. Newmark Capital as trustee will monitor the trusts' MIT status on an annual basis to determine whether the Trust continues to be eligible to apply the deemed capital account treatment for a particular income year.

Disposal of the Property

The disposal of the Property should be subject to the capital gains tax provisions. A capital gain on the sale of the Property will be determined as the difference between the capital proceeds from its disposal and the tax cost base of the Property. Under current tax laws any capital gain made by the Trust upon the disposal of the Property can generally be reduced by 50%. It is expected that any capital gain made on the sale of the Property will be attributed to Unitholders of the Trust for the income year that the Property is sold. Where this occurs Unit holders would include the net capital gain attributed to them in their own income tax return (refer below). Should a capital loss arise on the disposal of the Property, the capital loss would remain in the Trust and Unit holder would not be able to offset the loss against other capital gains they may have.

7.3 Taxation of Unitholders

Attribution of assessable income

Investors may be assessed for tax on the net income and net capital gains generated by the Trust that is attributed to them under the AMIT rules. Unitholders will receive a tax statement after the end of each financial year, referred to as an AMMA Statement that will provide them with details of the amounts that have been attributed to them by the Trust. In most instances, the AMMA statement will only be used to complete the tax returns of resident Unitholders, as non-resident investors will be taxed on a withholding basis (refer below).

If the Trust was to incur a tax loss for a financial year, then the Trust is not able to attribute that loss to Unitholders. However, subject to the Trust meeting certain conditions, the Trust may be able to recoup such a loss against taxable income of the Trust in subsequent income years.

Depending on a Unitholder's circumstances, they may also be liable to tax on any capital gains (or income tax if they hold their units on revenue account) when they withdraw units (refer below).

An investors tax cost base of their units will generally be equal to their acquisition cost including any incidental transaction costs. The tax cost of an investor's units may be increased or decreased from year to year based on the AMIT cost base net amount which will be disclosed in an Investor's AMMA statement.

Disposal of Units

A Unitholder may make a capital gain/ loss on the transfer/ disposal or redemption of its units in the Trust. A Unitholder will make a capital gain in respect of the disposal of their Units to the extent that the capital proceeds attributable to the disposal exceed the Unitholder's tax cost base. Alternatively, a Unitholder will make a capital loss in respect of the disposal of its Units to the extent that the capital proceeds attributable to the disposal of the investment are less than the tax reduced cost base in the Units. Depending on a Unitholder's particular circumstances, the Unitholder may be liable to tax on any capital gains made on their units.

If a capital loss arises and the Unitholder is not able to offset that loss against other capital gains in that particular income year, that capital loss may be carried forward to be used to offset capital gains realised in future income years. Capital losses cannot be used to offset ordinary income or gains.

A Unitholder's initial tax cost base of their Units will generally be equal to their acquisition cost including any incidental transaction costs. On the basis that the Trust is an AMIT, the tax cost of a Unitholder's Units will be increased or decreased from year to year based on the AMIT cost base 'net amount'. Generally speaking, a Unitholder's cost base will be decreased if the taxable income allocated is less than the cash distribution received.

Conversely a Unitholder's cost base will increase if the taxable income allocated exceeds the cash amount distributed. Net cost base adjustment amounts will be detailed in the AMMA statement issued to Unitholders.

Unitholders that are individuals and trusts may be entitled to a Capital Gains Tax (CGT) discount that reduces their capital gains by 50% where they have held their Units for more than 12 months. Unitholders that are complying superannuation funds may be entitled to a 33 1/3% reduction of their CGT liability. No such discount is available to corporate investors.

Returns of capital

Unitholders should generally not be assessed on any return of capital comprising their initial investment in the Units. Such amounts would be taken into account in the calculation of the net cost base adjustment amounts disclosed in the AMMA statement.

Taxation of non-resident investors

On the basis that the Trust is an AMIT, foreign residents will be subject to tax on assessable income components attributed them on a withholding basis. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Trustee in respect of your tax liability.

7.4 Other issues

Tax file number or Australian business number declaration

It is not compulsory for an investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN).

However, if a Unitholder does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Unitholder's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 47%).

Goods and Services Tax (GST)

GST should not be payable in respect of the acquisition, disposal or withdrawal of Units, nor in respect of any distributions paid by the Trust.

Foreign Account Tax Compliance Act and Common Reporting Standard

In compliance with the United States (US) income tax laws commonly referred to as the Foreign Account Tax Compliance Act (FATCA) and the Intergovernmental Agreement signed between the US and Australian Governments in April 2014 in relation to FATCA, the Trust will be required to provide information to the Australian Taxation Office (ATO) in relation to investors that are: (a) US citizens or residents; (b) entities controlled by US persons; and (c) financial institutions that do not comply with FATCA.

The Trust also may be required to collect and report information to the ATO under the Common Reporting Standard (CRS) rules.

Where investors do not provide appropriate information to the Trust, the Trust will also be required to report those accounts to the ATO.

8 Other information

8.1 Redemptions and winding up

Holders of Class A Units will be provided with the opportunity to redeem their Class A Units on disposal of the Property or upon refinancing (at the Trustee's discretion).

Class A Units will rank in priority to Ordinary Units and behind Class B Units for all liquidity events including a winding up, meaning that, capital will be distributed in the following order:

- first, to Class B Units, including the NAV per Unit and their 10 CPU additional capital entitlement;
- second, to Class A Units, including the NAV per Unit and their 12 CPU additional capital entitlement; and
- third, to Ordinary Units, being the NAV per Unit.

Class A Units not redeemed under a liquidity event will still receive the 12 cents per Unit capital payment and will then convert to Ordinary Units. This also applies to Class B Units.

8.2 Wholesale Clients

Only Wholesale Clients can invest in the Trust. Newmark will not accept an application for Units unless it is satisfied that the investor is a Wholesale Client.

Generally, an investor is a "Wholesale Client" for the purposes of the Corporations Act, where any one of the following applies:

- the investor's investment is \$500,000 or more;
- the investor provides a certificate from a qualified accountant stating that the investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years;
- the investor is a "professional investor" (including those that hold an Australian Financial Services License, are APRA regulated or have at least \$10.0 million worth of assets); or
- we are satisfied on reasonable grounds that the investor has suitable previous experience in financial products which allows the investor to assess the merits, value and risks of the product or service, the investor's own information needs, and the adequacy of the information we have provided, subject to certain conditions.

The circumstances in which a person will be a "Wholesale Client" are not limited to those described above and Newmark reserves the right to determine whether or not an investor is a Wholesale Client.

Note that investor's investing less than \$500,000 under the offer made in this Information Memorandum will be required to provide Newmark with a Wealth Test Certificate unless otherwise agreed with Newmark. See the Acceptance Form attached to this Information Memorandum for further information. The Trustee has the sole discretion to accept or reject accept any application and allot Units in its discretion.

8.3 AML/CTF

The AML/CTF Act requires us to conduct identification and verification checks in certain circumstances. You may be required to provide identification information for the purpose of complying with the provisions of the AML/CTF Act. If required, you will not receive Units unless satisfactory identification documents are provided.

The information that we are required to collect and verify may vary by investor type. In some instances, we may need to request further information before being able to proceed with your application.

8.4 Privacy collection statement

When you make an application to invest in the Trust, we will collect personal information from you in the Acceptance Form.

We may also collect additional personal information from you by other means in the future, including through forms, through our website and by telephone if you access our investor services.

We may also collect personal information from other sources such as from third parties who have hosted events or marketing promotions in which Newmark has been represented and you have expressed an interest in a Newmark fund. If you have any questions about the personal information collected, you should contact us.

We collect your personal information primarily so we can verify your identity and establish your investment in the Trust. We will also collect and may use and disclose your personal information for the purposes of:

- processing your application and administering your investment;
- complying with our obligations under applicable laws and regulations, including Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and corporate and taxation legislation; and
- improving our products and services development.

We may not be able to do these things if you do not provide all requested personal information.

We may also use your personal information to gain an understanding of you, your needs and your interactions with us so we can identify and notify you (including by email) of other investment opportunities, products and services which may be of use to you, whether from us, any member of the Newmark Group or our partners. However, if you request, no further material of that nature will be sent to you.

We will take reasonable steps to protect your personal information that we collect and ensure that the information is accurate and up-to-date. Investor information is held on secure servers or in storage locked in controlled environments. Our employees are required to maintain the confidentiality of any personal information held by us.

Personal information provided by you may be disclosed to:

- with your consent, your adviser and dealer group;
- any third party service provider we may engage to provide custody, registry, technology, auditing, mailing, printing or other services;
- government authorities when, and to the extent, required by law; and
- our professional advisers (including legal and accounting firms, auditors, consultants and other advisers).

You can request access to or seek correction of your personal information by notifying us in writing at any time (including by facsimile and email) or by phone, subject to passing our security checks. The Newmark Privacy Policy provides information about how you may access and correct the personal information we hold about you. Our Privacy Policy also includes information about how you may complain about a breach by us of the Australian Privacy Principles and how we will deal with such a complaint. A copy of the Newmark Privacy Policy is available on our website at www.newmarkcapital.com.au, or you can request a copy by calling us on 03 9066 3966.

8.5 Platforms

We authorise the use of this IM as disclosure for those who wish to access the Trust through an investor directed portfolio service ('IDPS') or an IDPS-like service (such as a master trust or wrap account or nominee or custody service) where we have agreed with the operator of the IDPS and IDPS-like service for them to provide access to the Trust to their investors.

A person who invests in the Trust via an IDPS or IDPS-like service does not become a Unitholder of the Trust. The operator of the IDPS or IDPS-like service acquires these rights and can exercise them on your behalf according to the arrangements governing the service.

8.6 Investor inquiries and complaints

For any queries relating to your application for investment, please contact Newmark Investor Relations on 03 9066 3966 or via email at investor@newmarkcapital.com.au. All complaints will be dealt with in a timely manner and in accordance with the Trustee's complaints resolution policy.

9 Glossary

In this IM the following terms have the following meanings unless the context otherwise requires:

Term	Meaning
Acceptance Form	the application form for interests in the Trust, attached to or accompanying this Information Memorandum, the form of which is determined by the Trustee from time to time.
AFL	an Agreement For Lease between the Trust and a tenant.
AFSL	Australian financial services licence issued by ASIC under the Corporations Act.
AML/CTF Act	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and associated regulations.
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
Class A Unit	a Unit in the Trust issued pursuant to Schedule 4 of the Trust Deed and the terms of this IM.
Class B Unit	A Unit in the Trust issued pursuant to Schedule 3 of the Trust Deed.
Corporations Act	<i>Corporations Act 2001</i> (Cth) and regulations and other subordinate legislation made pursuant to that Act.
CPU	cents per Unit.
GST	'GST' as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Information Memorandum, IM	this document.
ICR	interest coverage ratio
Investment Manager	Newmark Property Funds Management Pty Ltd ACN 152 323 629.
investor, you, your	a holder of a Unit, or an applicant for a Unit, or a prospective applicant for a Unit, as the context requires.
Issue Price	NAV per Unit (\$0.55).
LVR	loan to value ratio
NAV	Net asset value calculated in accordance with the Trust Deed.
NAV per Unit	NAV divided by the number of Units on issue in the Trust.
Net Asset Value, NAV	the total value of the Trust's assets less the total value of the Trust's liabilities, as determined under the Trust Deed.
Newmark Group	Newmark Property Group Pty Ltd ACN 152 310 980 and its subsidiaries, including Newmark and the Investment Manager.
Ordinary Unit	means an ordinary Unit in the Trust issued in accordance with the terms of the Trust Deed but not including Class A Units or Class B Units.
Preparation Date	21 March 2024

Term	Meaning
Project	the refurbishment of the Property being undertaken by the Trust.
Property	299 Bourke Street, Melbourne.
RBA	Reserve Bank of Australia
Recipient	a person who receives this IM.
Rights Issue	the offer of Units under this IM.
Trust	Newmark Bourke Street Mall Trust established by the Trust Deed.
Trust Deed	the trust deed of the Trust, as amended or replaced from time to time.
Trustee, Newmark. we, us, our	the trustee of the Trust, being, at the time of this Information Memorandum, Newmark Capital Limited ACN 126 526 690.
Unit	a unit in the Trust, with the rights, obligations and restrictions attaching to it as set out in the Trust Deed.
Unitholder	a holder of Units.
Wealth Test Certificate	a certificate issued by a qualified accountant confirming that the investor is a Wholesale Client.
Wholesale Client	has the same meaning as 'wholesale client' under the Corporations Act.

10 How to invest


You can invest under this IM by making payment of the relevant subscription amount set out on the personalised Acceptance Form in section 11 and by identifying your payment in accordance with the instructions on the Acceptance Form. Upon making payment of the subscription money, you will be deemed to have accepted the terms and conditions of the Rights Issue including the declarations set out on the Acceptance Form.

You can apply for more or less than your entitlement. Please note that Newmark may accept or reject any application (in part or in full) at its discretion. Newmark also reserves the right not to proceed with the Rights Issue. In that event, any payments received will be returned in full without interest.

An Acceptance Form must not be provided to a third party as the Rights Issue under this IM is only open to existing investors in the Trust.

For any queries relating to your application for investment, please contact Newmark Investor Relations on 03 9066 3966 or at investor@newmarkcapital.com.au.

For further information, see the Acceptance Form accompanying this Information Memorandum.



Newmark
Bourke Street
Mall Trust –
Rights Issue
Acceptance
Form



NEWMARK BOURKE STREET MALL TRUST RIGHTS ISSUE ACCEPTANCE FORM

Newmark Capital Limited

This Rights Issue Acceptance Form relates to the offer of Class A Units under the Rights Issue (**'Class A Units'**) for the Newmark Bourke Street Mall Trust (**'Trust'**) under the Information Memorandum dated 21 March 2024 (**'IM'**) issued by Newmark Capital Limited ACN 126 526 690 AFSL 319 372 (**'Newmark'**) as the trustee of the Trust. This Rights Issue Acceptance Form must be accompanied by the IM when provided to any person. It is important that you read the IM before applying for Class A Units in the Trust. Unless otherwise defined, capitalised terms in this Rights Issue Acceptance Form have the meaning given to them in the IM. The Rights Issue entitles existing Unitholders of the Trust to acquire 3 Class A Units for every 5 Units held as at 21 March 2024. You may accept your full entitlement using this form (Section B1), or apply for more than or less than your full entitlement (Section B2).

Wholesale Clients Only

The Rights Issue is only open to 'Wholesale Clients' as defined in the *Corporations Act 2001* (Cth) (**'Corporations Act'**). If you apply to invest \$500,000 or more, you will be automatically deemed a Wholesale Client and no additional documentation is required to evidence your status as a Wholesale Client. If you are an Investor investing less than \$500,000 you must provide ONE of the following documents to certify you are a Wholesale Client, unless otherwise agreed with Newmark:

A signed Wealth Test Certificate (refer to the end of this form) certifying the investor has:

- net assets of at least A\$2.5 million; or
- gross income for each of the last two financial years of at least \$250,000.

Or

A statutory declaration that the applicant:

- is a trustee of a superannuation fund within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth) with net assets of at least A\$10.0 million;
- controls at least A\$10.0 million (including any amount held by an associate or under a trust that the investing entity manages);
- is a manufacturer and employs 100 or more people, or the investing entity is not a manufacturer and employs 20 or more people;
- holds an Australian Financial Services Licence; or
- is a 'professional investor' as otherwise defined in the *Corporations Act*.

No cooling off period

There is no cooling off period. Once an Acceptance Form has been received by Newmark and accepted, the applicant is bound to acquire Class A Units.

Newmark reserves the right to accept or reject applications at its absolute discretion.

SENDING YOUR APPLICATION FORM TO NEWMARK

Scan and email the
Acceptance Form to:
investor@newmarkcapital.com.au

Deliver the Acceptance Form
in person to:
Newmark Investor Relations
Newmark Capital Limited
Level 17
644 Chapel Street
South Yarra VIC 3141



Please use black or blue pen and print in CAPITAL LETTERS and where appropriate.

SECTION A EXISTING INVESTORS

Full Name:

Newmark Investor Number:

SECTION B INVESTMENT DETAILS

SECTION B1 FULL ACCEPTANCE OF YOUR ENTITLEMENT

I wish to apply for Class A Units at a price of \$0.55 per unit, totaling:

\$

SECTION B2 PARTIAL ACCEPTANCE OF YOUR ENTITLEMENT OR REQUEST FOR MORE THAN 100% OF ENTITLEMENT

I wish to apply for Class A Units at a price of \$0.55 per unit, totaling:

\$

SECTION B3 PAYMENT METHOD (HOW YOU PAY US)

Please select one of the following two payment methods for the payment of the investment amount. All payments must be made in Australian Dollars ('AUD').

Electronic Funds Transfer ('EFT')
Please transfer funds electronically to the following account:

Account Name: Newmark Capital Limited ATF Newmark Bourke Street Mall Trust

BSB: 033 364

Account Number: 976 558

Reference:

It is important to include your investor number as a reference. If Newmark is unable to match the issue of any Class A Units to a payment the issue of any Class A Units may be delayed.

Upon making payment of the subscription money, you will be deemed to have accepted the terms and conditions of the Rights Issue including the declarations set out on the Acceptance Form.

Cheque
Please make cheques payable to **Newmark Capital Limited ATF Newmark Bourke Street Mall Trust**. Please ensure your cheque is crossed and marked as 'not negotiable'.



NEWMARK BOURKE STREET MALL TRUST

SECTION C DECLARATION

Please read the IM before signing the Rights Issue Acceptance Form. Note that company applicants usually require two signatures.

By signing below, you declare and agree that:

- You have read the IM dated 21 March 2024 for the Trust to which this application relates and have received and accepted the offer in it, in Australia.
- Your application, including all details you have provided in the Rights Issue Acceptance Form, is true and correct.
- You have read and understood the provisions of the Trust Deed of the Trust as amended from time to time and this Rights Issue Acceptance Form and agree to be bound by this Rights Issue Acceptance Form.
- There is no guarantee that you will be able to acquire more than 100% of your entitlement to Class A Units, even if you apply for more than your entitlement. You will be notified of the relevant number of Class A Units that have been allotted to you on or around 24 April 2024.
- You have legal power to invest in the Trust.
- You authorise Newmark to give information relating to your account and investment in that account to your adviser.
- If you have received the IM from the internet or other electronic means, that you received it personally or a printout of it, accompanied by or attached to this Rights Issue Acceptance Form.
- If this is a joint application, each of you agrees, unless otherwise indicated on this application, that your investment is as joint unitholders. Each of you who is able to operate the account will bind the other(s) to any transaction including investments, switches or withdrawals by any available method.
- You acknowledge and agree that your investment in the Trust will be made via the issue of Class A Units in the Trust. You acknowledge and agree that Newmark may withdraw its offer of Class A Units in its discretion at any time, such that Newmark may not issue you the Class A Units you have applied for.
- This application is not resultant of an unsolicited meeting with or telephone call from another person.
- If investing as trustee on behalf of a superannuation fund or trust you confirm that you are acting in accordance with your designated powers and authority under the trust deed. In the case of superannuation funds, you also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- You acknowledge that an investment in the Trust does not represent an investment in or a deposit or other liability of Newmark or Newmark Property Group.
- You acknowledge that none of Newmark, any member of the Newmark Property Group or any of their officers, advisers, agents or associates in any way guarantee the performance of any of the Trust nor any return of capital.
- You acknowledge that Newmark and its related bodies corporate may disclose and use personal information as contemplated in the Privacy Collection Statement in the IM and Newmark's Privacy Policy available at www.newmarkcapital.com.au. By completing the application form you consent to the collection, storage, use and disclosure of personal information to Newmark in the manner and for the purposes described in the privacy policy. You acknowledge that the collection of this personal information may be required under various Australian laws, including the *Corporations Act 2001* (Cth) and any applicable securities and anti-money laundering laws. Your personal information will be used to process your application and, if your application is successful, to administer and report on your unitholding in the Trust and the progress of the Trust's activities. Your personal information may also be provided to other persons to enable Newmark to provide these services to you (e.g. service providers, consultants, and advisers), or to persons that you authorise to act on your behalf in relation to your investment (e.g. your financial adviser, accountant or lawyer). We may also disclose your personal information to others as permitted under the law.
- If you do not provide all or part of the information required by the Rights Issue Acceptance Form, Newmark will not be able to accept your application and you will not be able to acquire Class A Units.



**NEWMARK BOURKE STREET MALL TRUST
RIGHTS ISSUE ACCEPTANCE FORM**

- If any of your personal details change please contact Newmark at the address stated in this Rights Issue Acceptance Form. You acknowledge that you may contact Newmark to find out what personal information is held about you or if you have a complaint about the way in which your personal information has been handled.
- You acknowledge and agree that if you instruct Newmark by electronic means (for example by email) you indemnify Newmark against all losses and liabilities arising from any payment or action or inaction Newmark makes based on any instruction (even if not genuine) that Newmark receives by an electronic communication which appears to indicate to Newmark that the communication has been provided by you.
- You will provide to Newmark or its nominee any information that Newmark reasonably requires in order to enable Newmark to comply with all its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ('**AML/CTF Act**') and its associated rules and regulations (in force from time to time).
- You acknowledge that investments in the Trust are subject to the risks outlined in section 6 of the IM.
- You acknowledge that the information collected by Newmark (including in this application form) may be used for identification purposes, including via a third party verification service, to enable Newmark to comply with all its customer identification obligations under the AML/CTF Act and associated rules and regulations referred to above.
- You will provide Newmark or its nominee any information that Newmark reasonably requires in order to enable Newmark to meet all of its compliance, reporting and other obligations under the United States of America Foreign Account Tax Compliance Act ('**FATCA**') and all associated rules and regulations from time to time (including, without limitation, the Inter-Governmental Agreement ('**IGA**') entered into between the governments of the US and Australia). You understand that Newmark may disclose such information to the Australian Taxation Office ('**ATO**') who may in turn disclose the information to the US Internal Revenue Service ('**IRS**').
- You understand that where you have provided Newmark or its nominee with information about your status or designation under or for the purposes of FATCA (including, but without limitation, US residency or citizenship status and FATCA status as a particular entity type) and all associated rules and regulations, Newmark will treat that information as true and correct without any additional validation or confirmation being undertaken by Newmark except where it is under a legal obligation to do so.

Signature 1	Name and title	Date
<input style="width: 100%; height: 40px;" type="text"/>	<input style="width: 100%; height: 40px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

If a company officer or trustee, you must specify

<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary	
<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify)	<input style="width: 100%; height: 20px;" type="text"/>

Signature 2	Name and title	Date
<input style="width: 100%; height: 40px;" type="text"/>	<input style="width: 100%; height: 40px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

If a company officer or trustee, you must specify

<input type="checkbox"/> Director	<input type="checkbox"/> Sole director and company secretary	
<input type="checkbox"/> Trustee	<input type="checkbox"/> Other (please specify)	<input style="width: 100%; height: 20px;" type="text"/>



Wealth Test Certificate

You must complete this certificate or provide another valid Wealth Test Certificate if your investment is under \$500,000, unless otherwise agreed with Newmark.

CERTIFICATE FOR WHOLESALE CLIENT

For the purposes of Section 761G(7)(c) of the Corporations Act 2001, I certify that:

Name:

Address:

has:

1. Net assets of at least \$2.5 million (including assets held by companies or trusts which he/she controls).
- Or
2. A gross income for each of the past two financial years of at least \$250,000 (including income of companies or trusts which he/she controls).

The expression "control" is defined in Section 50AA of the Corporations Act.

Signature qualified accountant:

Name of qualified accountant:

Qualification:

Date:

		/			/				
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The effect of this certificate is that the named person and each company or trust controlled by him/her satisfies the test in Section 761G(7)(c) to qualify as a "wholesale client" for the purpose of providing to this person or a company or trust which he/she controls a financial product which is not, or a financial service which does not relate to, a general insurance product, a superannuation product or a retirement savings account product.

This Wealth Test Certificate must be dated within 2 years to be accepted as valid.



Newmark Capital Limited

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