



NEWPARK REIT LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 2015/436550/06)
 JSE share code: NRL ISIN: ZAE000212783
 (Approved as a REIT by JSE)
 ("Newpark" or "the Company" or "the Group")

SHORT-FORM ANNOUNCEMENT: CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2021

NATURE OF BUSINESS

Newpark is a property holding and investment company that is currently invested in A-grade commercial and industrial properties.

Property portfolio

Newpark's property portfolio consists of four properties. Two are located in the heart of Sandton, Gauteng, namely the JSE Building which has 18,163 m² of gross lettable area ("GLA") and an adjoining mixed-use property known as 24 Central, which has 15,934 m² of GLA. The third property is situated in Linbro Business Park which has 12,387 m² of GLA and the fourth property in Crown Mines which has 11,277 m² of GLA. The combined valuation of these properties, undertaken by the directors at 31 August 2021 was R1,37 billion and is in line with the independent valuation conducted by a registered property valuer as at 28 February 2021.

KEY FINANCIAL HIGHLIGHTS

	Unaudited 31 August 2021	Unaudited 31 August 2020	Change %
Dividend per share (cents)	21,66	19,63	10,4%
Total assets (R000)	1 381 917	1 398 469	(1,2%)
Net asset value per share (cents)	8,78	8,93	(1,7%)
Loan to value ratio (%)	34,2%	35,4%	
Gross revenue (R000)	51 249	56 027	(8,5%)
Operating profit before fair value adjustments	37 559	41 139	(8,7%)
Earnings / (loss) per share (cents)	19,73	(9,63)	204,9%
Headline earnings / (loss) per share (cents)	19,73	(9,63)	204,9%

Commentary on results

The Company's board of directors ("Board") is pleased to present the Group's interim results for the period under review.

The solid underpin provided by a portfolio of assets that have sound property fundamentals together with a quality tenant mix, has proven its worth amidst difficult operating conditions impacted by an underperforming economy and the COVID -19 pandemic. Management's focus during this interim period has been on protecting the Company's asset base and the retention of tenants with a particular focus on 24 Central. Newpark's balance sheet continues to remain financially healthy with a satisfactory gearing level of 34,2% (2021: 34,6%).

Revenue for the six-months ended 31 August 2021 was R51,2 million, down 8,5% compared to H1 F2021, and operating profit before fair value adjustments was R37,6 million (down 8,7%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive profit for the interim period was R19,7 million (H1 F2021 loss: R9,6 million), representing a profit of 19,726 cents per share ("cps") (H1 F2021 loss: 9,628 cps).

The return to profitability is a positive indication of a movement towards normality after the negative impact of the COVID-19 pandemic on the Company' performance in the previous financial year. Improvements were seen mainly in reduced vacancies and COVID-19 rental concessions. Other than for the mixed-use segment, the tenant profile has remained the same with the majority of these tenants having leases that are renewable during 2025 and beyond.

The Group's vacancy factor improved during the period to 11,1% (FY2020: 13,5%). The improvement relates to 1528m² of space let at 24 Central, which building is starting to see the benefit of the investment upgrade over the past years. Management has substantially upgraded 24 Central into a modern and fresh entertainment offering with Newpark and its tenants committing to spending in excess of R20 million on fitting out three new restaurants. These three exciting new tenant offerings are expected to be fully operational before the end of the calendar year. Furthermore, the Group, in collaboration with certain tenants, has initiated the upgrade of its Sandton Office segment at a budgeted cost of approximately R40 million, of which the Group's share is approximately R10 million.

Dividend per share

The total interim dividend for the reporting period of 21,66 cps (H1 F2020: 19,63 cps) represents an increase of 10,4% over the prior comparative period.

Payment of interim dividend

The board has approved, and notice is hereby given of the interim gross dividend of 21,66324 cents per share for the six months ended 31 August 2021.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below:

	2021
Last date to trade cum dividend:	Tuesday, 26 October
Shares trade ex dividend:	Wednesday, 27 October
Record date:	Friday, 29 October
Payment date:	Monday, 1 November

Share certificates may not be dematerialised or rematerialised between Wednesday, 27 October 2021 and Friday, 29 October 2021, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 1 November 2021. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 1 November 2021.

In accordance with Newpark's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**"). The dividend will be deemed to be a dividend for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders submitted the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividends tax; and
- b) a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 17,33059 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- b) a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration of dividend: 100,000,001

Newpark's income tax reference number: 9506934174.

Outlook

Newpark will continue to focus on the management of its existing assets and will remain alert to any potential acquisitions that are in keeping with the stated strategy. The Group is well positioned to capitalise on opportunities that are likely to present themselves in a suppressed real estate market.

The Board is mindful of the current weak economic environment and the potential impact on our tenants, specifically in the mixed-use (retail, office and storage) segment and the industrial segment. Notwithstanding this, and on the assumption that no further material relief is granted to tenants due to ongoing COVID-19 restrictions, the Group is budgeting for growth in FFOPS for the year ending 28 February 2022 of in excess of 15%, being at least 45,87 cents per share compared to the FFOPS for the year ended 28 February 2021 of 39,88 cents per share. A corresponding increase in the dividend per share for the year ending 28 February 2022 is anticipated.

The forecast is based on the assumption that no further deterioration in the macro-economic environment will prevail, no material tenant default will occur, operating cost increases will not exceed inflation and no changes will be made to the property portfolio. This forecast has not been audited or reviewed by the company's auditors.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of Newpark and the contents were approved by the board on 5 October 2021. This short-form announcement is a summary of the full announcement released on SENS on 6 October 2021 and does not include full or complete details. The short-form announcement has not been audited or reviewed by the Company's external auditors.

The full announcement is available on the Company's website at: http://www.newpark.co.za/pdf/sens/31082021_Group_H1_F2022_interim_results_SENS.pdf and can also be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2021/jse/isse/NRLE/2021HY.pdf>.

The full announcement is available for inspection at the registered offices of the Company or its sponsor, at no charge, during office hours from Wednesday, 6 October 2021 to Wednesday, 13 October 2021. Any investment decision should be based on the full announcement available on the Company's website.

By order of the Board

5 October 2021

DIRECTORS

S P Fifield (Chief Executive Officer), J A I Ferreira (Financial Director), B D van Wyk *, D T Hirschowitz*, K M Ellerine*, H C Turner **, S Shaw-Taylor**, T S Sishuba**

* Non-executive director

** Independent non-executive director

REGISTERED OFFICE

51 West Street, Houghton, Gauteng, 2198

P O Box 3178, Houghton, Gauteng, 2041

WEBSITE

www.newpark.co.za

COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR

Java Capital

6th Floor, 1 Park Lane, Wierda Valley,

Sandton, 2196

DATE OF PUBLICATION

6 October 2021