



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”)

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

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 16,030 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 as at 31 August 2023 was R1,318 billion.

KEY FINANCIAL HIGHLIGHTS

	Unaudited 31 August 2023	Unaudited 31 August 2022	Change %
Funds from operations per share (“FFOPS”) (cents) ¹	40,18	31,17	28,9
Dividend per share (cents)	35,00	25,00	40,0
Total assets (R000)	1 355 039	1 340 184	1,1
Net asset value per share (Rand) ¹	8,16	8,43	(3,2)
Loan to value ratio (%) ¹	33,3%	33,5%	
Gross revenue (R000)	68 753	59 464	15,6
Operating profit before fair value adjustments	48 862	42 764	14,3
(Loss)/earnings per share (cents)	(42,12)	37,03	(213,8)
Headline earnings / (loss) per share (cents)	27,88	37,03	(24,7)

¹ Financial measure determined in accordance with the SA REIT Association Best Practice 2nd edition 2019

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 combination of assets that have sound property fundamentals and a high-quality tenant mix has provided a strong foundation to the portfolio. During the period under review, management has continued to focus on optimising income and de-risking the portfolio. Newpark’s balance sheet continues to remain financially sound with a satisfactory loan-to-value level of 33,3% (FY2023: 30,9%).

Revenue for the six months ended 31 August 2023 was R68,9 million, an increase of 15,6% compared to the same period in FY2023, and operating profit before fair value adjustments was R48,9 million (up 14,3%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive loss for the period was R42,1 million

(H1 FY2023 profit: R37,0 million), representing a loss of 42,117 cents per share ("**cps**") (H1 FY2023 profit: 37,031 cps).

Funds from operations per share ("**FFOPS**") for the period were 40,180 cps which represents a 28,9% increase from the same period in FY2023. The improved FFOPS was attributed to:

- Escalations on the JSE and HellermannTyton lease rentals.
- Higher net operating income for the 24 Central property attributable to an increase in the occupancy levels in the office space, as well as improvements in expense recovery and other income.

Following the extension of the lease with Bidvest Afcom, which became effective in August 2022, further progress has been made on extending the weighted average lease profile of the portfolio with the execution of a new 10-year lease with HellermannTyton, which commences on 1 January 2024.

The reduction in the Group's weighted average cost of funding that resulted from the maturing of certain interest rate hedges in May and June 2022 has been off-set by higher interest rates, resulting in the current weighted average cost of funding of 9,258% (31 August 2022: 8,328%). Hedges remain in place for 60,90% of the Group's drawn debt exposure as at 31 August 2023.

INTERIM DIVIDEND PER SHARE

After considering the interim increase in FFOPS and the outlook for the remainder of the year, Newpark has declared an interim dividend of 35,00 cents per share, being an increase of 40,0% compared to the dividend per share of 25,00 cents per share for the six months ended 31 August 2022.

OUTLOOK

While Newpark will continue to focus on the management of its existing assets and the optimisation of its portfolio, management remains alert to any potential acquisitions that are in keeping with Newpark's stated investment strategy, exploring opportunities for growth that would enhance the portfolio from a scale, quality and risk profile perspective.

Newpark's budgeted FFOPS for the year ending 29 February 2024 were expected to be between 63,83 and 70,55 cents per share, being within 5,00% of FFOPS for the year ended 28 February 2023 of 67,19 cents per share. The board has updated the budget and is now forecasting a revised FFOPS for the year ending 29 February 2024 of between 76,34 and 84,38 cents per share, being an increase of between 13,62% and 25,58% of the FFOPS for the year ended 28 February 2023 of 67,19 cents per share.

The revised forecast takes into account lower than anticipated refurbishment costs, improved cost recoveries, as well as adjustments to assumptions on rental renewals and income growth prospects within the portfolio.

Based on the revised forecast and planned retention for capital expenditure, the dividend per share for the full year ending 29 February 2024 is expected to be between 70,55 and 77,27 cents per share being an increase of 5,00% to 15,00% of the full dividend of 67,19 cents per share declared in respect of the year ended 28 February 2023.

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.

PAYMENT OF INTERIM DIVIDEND

The Board has approved, and notice is hereby given of the interim gross dividend of 35,00 cents per share for the six months ended 31 August 2023.

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

2023

Last date to trade cum dividend: Tuesday, 24 October

Shares trade ex dividend: Wednesday, 25 October

Record date: Friday, 27 October

Payment date: Monday, 30 October

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 October 2023 and Friday, 27 October 2023, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 30 October 2023. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 30 October 2023.

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 28,0000 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.

This results announcement is the responsibility of the directors of Newpark and the contents were approved by the Board on 4 October 2023. This results announcement is a summary of the full announcement released on SENS on 5 October 2022 and does not include full or complete details. The results 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/31082023GroupH1F2023interimresults_SENS.pdf and can also be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2023/jse/isse/NRLE/2023HY.pdf>.

Any investment decision should be based on the full announcement available on the Company's website.

By order of the Board

4 October 2023

DIRECTORS

A F Benatar (Chief Executive Officer), A J Wilson (Financial Director), B D van Wyk *, D T Hirschowitz*, KM Ellerine*, R C Campbell **, 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

Bronwyn Baker

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR

Java Capital
6th Floor, 1 Park Lane, Wierda Valley,
Sandton, 2196

DATE OF PUBLICATION

5 October 2023