



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 2020 AND CHANGE TO THE BOARD

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 property known as 24 Central, which has 15,654 m² of GLA. A further property is situated in Linbro Business Park which has 12,387 m² of GLA and the fourth property is situated in Crown Mines which has 11,277 m² of GLA. The combined valuations of these properties prepared by the registered property valuer are performed annually at the group's year-end. The latest valuation as at 29 February 2020 was R1,38 billion.

KEY FINANCIAL HIGHLIGHTS

	Unaudited 31 August 2020	Unaudited 31 August 2019	Change %
Dividend per share (cents)	19,63	24,32	(19,3%)
Total assets (R000)	1 398 469	1 421 368	(1,6%)
Net asset value per share (rand)	8,69	9,25	(6,1%)
Loan to value ratio (%)	35,42%	32,65%	
Gross revenue (R000)	56 027	61 024	(8,2%)
Operating profit before fair value adjustments	41 139	46 997	(12,5%)
(Loss)/ earnings per share (cents)	(9,63)	18,48	(152,1%)
Headline (loss)/earnings per share (cents)	(9,63)	18,48	(152,1%)

Commentary on results

The company's board of directors ("board") is pleased to present the group's results for the six months ended 31 August 2020, which incorporate the impact of the national lockdown. The group was adversely impacted mainly in its mixed use building, 24 Central which suffered increased vacancies and reduced rentals as a result of financial support provided to tenants. In addition, the group's expected credit loss provision was increased by R3,2 million.

Newpark's statement of financial position remains robust with satisfactory a loan-to-value ratio ("LTV") of 35,4%* (FY2020: 32,7%). The group's vacancies increased during the period to 13,7% (FY2020: 12,1%; prior comparable period H1 FY2020: 11,9%). Revenue for the six months was R56,0 million (down 8,2% on the prior comparative period), which realised an operating profit before fair value adjustments of R41,2 million (down 12,5%). After allowing for net cost of finance the group's profit amounted to R18,1 million (down 28,6%) and after allowing for the impact of the fair value adjustments relating to interest rate hedges the group incurred a total comprehensive loss of R9,6 million (down 152,1%).

Besides the vacancies in the mixed use segment, the tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable earnings per share and dividend per share

Distributable earnings per share and dividend per share for the six months to 31 August 2020 declined by 19,3% to 19,63 cents per share (H1 FY2020: 24,32 cents per share). Accordingly, the board of directors has declared an interim dividend of 19,630838 cents per share.

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.

Rental collections for the first 7 months of the new financial year were 79% of that originally budgeted. Assuming no further material COVID-19 related impacts on tenants, the board expects this percentage to increase as we progress toward a normalised trading environment in due course.

The board is mindful of the current uncertainty in the economic environment resulting from the COVID-19 pandemic and how this could potentially further impact our tenants in the mixed-use (retail, office and storage) segment and the industrial segments. At this point in time, the uncertainty generated by the pandemic makes reliable forecasting extremely difficult and the board has thus determined not to give guidance on distributable earnings and dividends for the full year ending on 28 February 2021.

Payment of interim dividend

The board has approved, and notice is hereby given of the interim gross dividend of 19,630838 cents per share for the six months ended 31 August 2020.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below:
2020

Last date to trade cum dividend:	Tuesday, 27 October
Shares trade ex dividend:	Wednesday, 28 October
Record date:	Friday, 30 October
Payment date:	Monday, 2 November

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 October 2020 and Friday, 30 October 2020, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 2 November 2020. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 2 November 2020.

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 15,704670 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.

Change to the board

The board is pleased to announce that Mr Thanduxolo Selby Sishuba has been appointed as an independent non-executive director and member of the audit and risk committee of the company with effect from 8 October 2020.

Thando, who has a Bachelor of Science Honours Degree and a Masters degree, has extensive experience in property asset management and is currently the Head of Sanlam SA Direct Properties. He has previously served as a director on a number of boards and committees, including Texton Property Fund and the Pivotal Property Fund.

The board welcomes Thando and looks forward to his valued contribution to the Company.

About this announcement

This short-form announcement is the responsibility of the directors of and the contents were approved by the board on 6 October 2020. This short-form announcement is a summary of the full announcement released on SENS on 7 October 2020 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/annual_reports/H1FY2021IRA.pdf and can also be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2020/jse/isse/NRLE/2020HY.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, 7 October 2020 to Wednesday, 14 October 2020. Any investment decision should be based on the full announcement available on the Company's website.

By order of the Board

7 October 2020

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**

* Non-executive director

** Independent non-executive director

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