



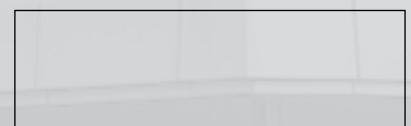
# Newpark



## SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND CASH DIVIDEND DECLARATION



for the 12 months ended 28 February 2021





## DIRECTORS

S Shaw-Taylor (Chairperson) \*\*, SP Fifiield (Chief Executive Officer),  
JAI Ferreira (Financial Director), BD van Wyk \*, DT Hirschowitz \*,  
KM Ellerine \*, TS Sishuba \*\*, HC Turner \*\*

\* *Non-executive director*

\*\* *Independent non-executive director*

## REGISTERED OFFICE

51 West Street, Houghton, Gauteng, 2198  
PO Box 3178, Houghton, Gauteng, 2041

## COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

## TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

## DESIGNATED ADVISOR

Java Capital

## WEBSITE

[www.newpark.co.za](http://www.newpark.co.za)

The consolidated financial statements have been audited by independent auditors.

# DIRECTORS' COMMENTARY

## NATURE OF BUSINESS

Newpark is a property holding and investment company that holds 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 m<sup>2</sup> of gross lettable area ("**GLA**") and an adjoining mixed-use property known as 24 Central, which has 15 934 m<sup>2</sup> of GLA. A further property is situated in Linbro Business Park which has 12 387 m<sup>2</sup> of GLA and the fourth property is situated in Crown Mines and has 11 277 m<sup>2</sup> 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 28 February 2021 was R1,37 billion.

## STRATEGY

Newpark's investment strategy is to seek well-positioned prime properties which provide high-quality cash flows and have the potential for long-term capital growth.

## COMMENTARY ON RESULTS

The Company's board of directors ("**Board**") is pleased to present the Group's results for the year under review. The solid underpin provided by a combination of assets that have sound property fundamentals and a high-quality tenant mix, has proven its worth amidst very difficult operating conditions. Growth over the past year has taken a backseat to management of the existing assets, with a particular focus on 24 Central.

Newpark's balance sheet continues to remain financially healthy with a satisfactory gearing level of 34,6% (2020: 33,3%). The COVID-19 market disruption has impacted investment property valuations resulting in a net R9 million decrease in fair value.

The group's vacancies increased during the period to 13,5% (FY2020: 12,1%), negatively impacted by the effects of COVID-19 restrictions on the retail component of 24 Central. Revenue for the financial year ended 28 February 2021 ("**the financial year**") was R111,8 million (down 12,1%), and operating profit before fair value adjustments was R82,9 million (down 7,0%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive profit for the financial year was R17,09 million (up 40,5%), representing a profit of 17,089 cents per share ("**cps**") (FY2020: 12,16 cps). The total dividends for the financial year of 39,88 cps (FY2020: 40,06 cps) represent a marginal year-on-year decrease of 0,4%.

This performance has been achieved against the backdrop of R10,7 million in COVID-19 tenant relief granted during the year. This impacted directly on both the profitability of the group, funds from operations per share ("**FFOPS**") and ultimately, the dividend declared for the financial year. The majority of this relief was given in the mixed-use property.

Other than the loss of certain tenants in the mixed-use segment, the tenant profile has remained largely the same.

The majority of the tenants have leases that are renewable in 2025 and 2026 such that more than 80% of the leases will mature after the impact of COVID-19 has likely dissipated.

# DIRECTORS' COMMENTARY

continued

## FUNDS FROM OPERATIONS PER SHARE

In addition to the IFRS performance measurements, the group uses funds from operations ("FFO") per share as an alternative performance measure. FFOPS is a non-IFRS measure and must not be seen to replace or dilute the importance of the IFRS-based performance measures disclosed in this report, but rather to enhance the reported information for the users of the financial statements. In order to better understand the FFOPS performance measure, a reconciliation is provided below.

### Funds from operations

	2021 R'000	2020 R'000
Profit per IFRS statement of comprehensive income (SOCl) attributable to the parent	17 089	12 156
<i>Adjusted for:</i>		
Accounting/specific adjustments:	9 173	24 550
Fair value adjustments to:		
– Investment property	6 510	25 772
– Straight-lining operating lease adjustment	2 663	(1 222)
Foreign exchange and hedging items:	13 622	7 948
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	13 622	7 948
<b>FFO</b>	<b>39 881</b>	44 654
Number of shares outstanding at end of period (net of treasury shares)	100 000	100 000
<b>FFOPS</b>	<b>39,88</b>	44,65
<b>Dividend per share</b>	<b>39,88</b>	40,06*
– Interim dividend	19,63	24,32
– Final dividend	20,25	15,74

\* The quantum of the final dividend declaration for the 2020 financial period was reduced by an amount of R4,6 million, resulting in the total dividend for the financial year representing 89,7% of the FFO.

Year-on-year Newpark's net asset value per share has decreased by 1% to R8,85 from R8,94.

SECTORAL SPLIT	GLA %	Gross rentals %
Based on:		
Mixed use (retail and office)	22,5	15,6
Office	31,4	56,1
Industrial	41,0	26,1
Storage	5,1	2,2
	<b>100,0</b>	<b>100,0</b>

## DIRECTORS' COMMENTARY

continued

<b>LEASE EXPIRY PROFILE AND VACANCIES</b>	<b>GLA %</b>	<b>Gross rentals %</b>
Based on:		
Vacant	13,5	8,1
Feb 2022	4,9	3,6
Feb 2023	0,0	0,0
Feb 2024	0,9	1,0
Feb 2025	23,3	18,2
Feb 2026	32,3	57,3
> Feb 2026	25,1	11,8
	<b>100,0</b>	<b>100,0</b>

The lease expiry profile indicates that 80% of the leases will be renewed in the period between 2025 and 2026. Certain of the large triple net single tenants have initiated large refurbishment projects indicating their ongoing commitment to the properties.

<b>FACILITIES</b>	<b>Amount R'000</b>	<b>Rate %</b>
Expiry May 2023 (facility A) – floating rate	300 000	Three-month JIBAR+1,95
Expiry May 2025 (facility B) – floating rate	150 000	Three-month JIBAR+2,35
Expiry May 2023 (facility C) – floating rate	50 000	Prime -1,28
<b>Total floating rate position</b>	<b>500 000</b>	

The Group's facilities from Rand Merchant Bank, totalling R500 million, are subject to the following covenant measures:

Interest cover ratio measured as EBITDA : Net Interest Charged:

- Covenant required >1,6 times
- Actual measurement on 28 February 2021 = 1,8 times (headroom in EBITDA of R8,8 million)

Covenant measure met.

Loan to Value measured as Borrowings : Immovable Asset Value (expressed as %) ("LTV")

- Covenant required <45%
- Actual measurement on 28 February 2021 = 34,6 (headroom of R142,8 million)

Covenant measure met.

## DIRECTORS' COMMENTARY

continued

	Amount R'000	Hedges of three-month JIBAR base-rate %
<b>HEDGE INSTRUMENTS OVER ABOVE FACILITIES</b>		
Hedge 3: rate swap – expired 2020/4/10 (rolled into hedge 5)	230 000	7,700
Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31 (to roll into hedge 6)	135 000	8,085
Hedge 5: rate swap – started 2020/4/10 / expires 2022/5/31	230 000	7,993
Hedge 6: rate swap – to start 2022/6/01 / expires 2024/6/01	135 000	7,990
Hedge 7a: interest rate cap – started 2019/5/23 / expires 2022/5/23	135 000	8,550
Hedge 7b: interest rate floor – started 2019/5/23 / expires 2022/5/23	135 000	7,000
Hedge 8: forward rate swap – to start 2022/6/1 / expires 2024/11/29	150 000	5,190
<b>All-in cost of debt</b>		<b>9,171</b>

During the reporting period, the group entered into a forward starting interest rate swap on a notional amount of R150 million. The swap was executed at a base rate of 5,19%, commences on 1 June 2022 and terminates on 29 November 2024 (Hedge 8 in the table above).

Thus, as at 28 February 2021, 73% of Newpark's debt exposure is hedged with interest rate swaps (16% expiring in May 2022; 27% expiring in June 2024 and 30% expiring in November 2024). The remaining 27% of Newpark's debt exposure is hedged with a zero-cost collar (expiring in May 2022).

The all-in weighted average cost of funding is 9,171% (29 February 2020: 9,675%) and the average hedge-term is 3,25 years. It is the board's policy to hedge at least 70% of the exposure to interest rate risk and Newpark currently has 81% of its exposure hedged with the balance of the exposure covered with a zero-cost collar.

## SUMMARY OF FINANCIAL PERFORMANCE

	28 February 2021 R'000	29 February 2020 R'000
Shares in issue	100 000 001	100 000 001
Net asset value per share	R8,85	R8,94
Loan-to-value ratio *	34,6%	33,3%
Gross property operating expense ratio	20,4%	25,8%

\* The loan-to-value ratio is calculated by dividing interest-bearing borrowings (including derivative instruments) net of cash on hand by the total of investment property.

## 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. Assuming that Newpark's solid base is maintained, 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 how this may impact 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 45,86 cents per share compared to the FFOPS for the year ended 28 February 2021 of 39,88 cents per share. Newpark expects a corresponding increase in the dividend per share for the year ending 28 February 2022.

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.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

	Notes	2021 R'000	2020 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	1 246 775	1 253 112
Investment in subsidiary		–	–
Straight-line lease asset		115 316	115 332
Lease incentive		9 262	11 909
		<b>1 371 353</b>	<b>1 380 353</b>
<b>Current assets</b>			
Trade and other receivables		6 120	4 128
Amounts due from group companies		–	–
Lease incentive		2 647	2 647
Cash and cash equivalents		4 087	7 196
		<b>12 854</b>	<b>13 971</b>
<b>Total assets</b>		<b>1 384 207</b>	<b>1 394 324</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		619 918	619 918
Reserves		180 412	180 412
Retained income		75 723	94 012
		<b>876 053</b>	<b>894 342</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings		450 000	452 000
Derivative financial instruments		29 633	16 011
		<b>479 633</b>	<b>468 011</b>
<b>Current liabilities</b>			
Amounts due to group companies		–	–
Trade and other payables		28 521	31 971
		<b>28 521</b>	<b>31 971</b>
<b>Total liabilities</b>		<b>508 154</b>	<b>499 982</b>
<b>Total equity and liabilities</b>		<b>1 384 207</b>	<b>1 394 324</b>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	28 February 2021 R'000	29 February 2020 R'000
<b>Revenue</b>		<b>111 800</b>	127 129
Other income		–	755
Property operating expenses		<b>(23 299)</b>	(32 530)
Administrative expenses		<b>(5 552)</b>	(6 139)
Net loss from fair value adjustment on investment property		<b>(6 510)</b>	(25 772)
Net loss from fair value adjustment of financial instruments at fair value through profit or loss		<b>(13 622)</b>	(7 948)
<b>Operating profit</b>		<b>62 817</b>	55 495
Finance income		<b>605</b>	1 499
Finance costs		<b>(46 336)</b>	(44 838)
<b>Profit before taxation</b>		<b>17 086</b>	12 156
Taxation		–	–
<b>Profit for the period</b>		<b>17 086</b>	12 156
Other comprehensive income		–	–
<b>Total comprehensive income for the period</b>		<b>17 086</b>	12 156
<b>Earnings per share information (expressed in cents per share)</b>			
Basic earnings per share (cents)	5	<b>17,09</b>	12,16
Diluted earnings per share (cents)	5	<b>17,09</b>	12,16



## CONDENSED CONSOLIDATED

# STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Share capital R'000	Share issue costs R'000	Total share capital R'000	Capital reorganisation reserve R'000	Retained income/(loss) R'000	Restated Total equity R'000
<b>GROUP</b>						
<b>Balance at 1 March 2019</b>	625 000	(5 082)	619 918	180 412	124 526	924 856
Profit for the period	–	–	–	–	12 156	12 156
Dividends	–	–	–	–	(42 670)	(42 670)
<b>Balance at 1 March 2020</b>	<b>625 000</b>	<b>(5 082)</b>	<b>619 918</b>	<b>180 412</b>	<b>94 012</b>	<b>894 342</b>
Profit for the period	–	–	–	–	17 086	17 086
Dividends	–	–	–	–	(35 375)	(35 375)
<b>Balance at 28 February 2021</b>	<b>625 000</b>	<b>(5 082)</b>	<b>619 918</b>	<b>180 412</b>	<b>75 723</b>	<b>876 053</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	28 February 2021 R'000	29 February 2020 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	80 442	90 915
Finance income	605	1 499
Finance costs	(46 336)	(44 280)
Tax received	–	–
<b>Net cash generated from operating activities</b>	<b>34 711</b>	<b>48 134</b>
<b>Cash flows from investing activities</b>		
Purchase of furniture and fittings	(445)	(909)
<b>Net cash utilised by investing activities</b>	<b>(445)</b>	<b>(909)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(35 375)	(42 670)
Bank borrowings repaid	(2 000)	(6 500)
<b>Net cash utilised by financing activities</b>	<b>(37 375)</b>	<b>(49 170)</b>
<b>Total cash and cash equivalents movement for the reporting period</b>	<b>(3 109)</b>	<b>(1 945)</b>
Cash and cash equivalents at the beginning of the reporting period	7 196	9 141
<b>Total cash and cash equivalents at the end of the reporting period</b>	<b>4 087</b>	<b>7 196</b>

# SIGNIFICANT FINANCIAL STATEMENT NOTES

for the year ended 28 February 2021

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised audited consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa applicable to summary financial statements. The JSE Listings Requirements require reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the adoption of the new standards.

The summarised audited consolidated financial statements were compiled by Dries Ferreira CA(SA), the financial director.

The directors are not aware of any matters or circumstances arising subsequent to the year-end that require any additional disclosure or adjustment to the financial statements.

The summarised audited consolidated financial statements for the twelve months ended 28 February 2021 have been extracted from audited information. The directors of Newpark take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying audited consolidated financial statements. The annual financial statements were audited by BDO South Africa Inc. and an unmodified audit opinion has been issued on the audited consolidated financial statements for the financial year ended 28 February 2021. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying audited consolidated financial statements, both of which are available for inspection at Newpark's registered office and on the company's website: <http://newpark.co.za/>.

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## 2. NEW STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT FINANCIAL PERIOD

In the current period, the group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

### IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies

Materiality decisions are common in determining the level of precision in applying accounting policies in practice. These amendments are a component of the IASB's 'Disclosure Initiative' project, which is intended to simplify financial statements and increase their usability.

The effective date of the interpretation is for years beginning on or after 1 June 2020.

The group has adopted the interpretation for the first time in the 2021 annual financial statements.

The interpretation did not have a material impact on the group's annual financial statements.

### IFRS 16 – Leases (Amendment – COVID-19-Related Rent Concessions)

The adjustments made to IFRS 16 relates to lessees and not lessors and, therefore, had no impact on the group's financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2020.

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# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 3. SEGMENTAL INFORMATION

The appointed chief operating decision-maker (“CODM”) within the group is the group executive committee (“EXCO”). This is because it is EXCO’s responsibility to meet on a frequent basis to review budgets and to assess the operating performance of its operating segments.

The information provided to EXCO summarises financial data and information by property. At 28 February 2021, the group is organised into three main operating segments:

- a. Mixed use (office and retail)
- b. Mixed use (storage)
- c. Office
- d. Industrial

The segment information provided to EXCO for the operating segments for the period ended 28 February 2021 has been provided below.

	Mixed use (retail and office) R'000	Mixed use (storage) R'000	Office R'000	Industrial R'000	Head office R'000	Total R'000
<b>2021</b>						
Revenue	24 759	–	56 597	30 444	–	111 800
Other income	–	–	–	–	–	–
Property operating expenses	(17 299)	(246)	(2 380)	(3 102)	–	(23 027)
Administrative expenses	–	–	–	–	(5 552)	(5 552)
Depreciation	(272)	–	–	–	–	(272)
Fair value adjustments	(28 759)	–	23 695	(1 446)	(13 622)	(20 132)
Finance income	515	–	–	–	90	605
Finance expense	–	–	–	–	(46 336)	(46 336)
<b>Profit before taxation</b>	<b>(21 056)</b>	<b>(246)</b>	<b>77 912</b>	<b>25 896</b>	<b>(65 420)</b>	<b>17 086</b>
<b>2020</b>						
Revenue	39 859	–	56 413	30 857	–	127 129
Other income	–	–	–	–	755	755
Property operating expenses	(28 615)	(344)	–	(3 212)	–	(32 171)
Administrative expenses	–	–	–	–	(6 139)	(6 139)
Depreciation	(359)	–	–	–	–	(359)
Fair value adjustments	6 799	–	(23 027)	(9 544)	(7 948)	(33 720)
Finance income	1 312	–	–	–	187	1 499
Finance expense	(558)	–	–	–	(44 280)	(44 838)
<b>Profit before taxation</b>	<b>18 438</b>	<b>(344)</b>	<b>33 386</b>	<b>18 101</b>	<b>(57 425)</b>	<b>12 156</b>

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 3. SEGMENTAL INFORMATION (continued)

The amounts provided to EXCO with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

	Mixed use R'000	Office R'000	Industrial R'000	Head office R'000	Total R'000
<b>2021</b>					
Investment property	398 708	621 421	226 646	–	1 246 775
Straight-line asset	5 292	82 670	27 354	–	115 316
Lease incentive	–	11 909	–	–	11 909
Trade and other receivables	6 120	–	–	–	6 120
Cash and cash equivalents	–	–	–	4 087	4 087
<b>Total assets per the consolidated financial statements</b>	<b>410 120</b>	<b>716 000</b>	<b>254 000</b>	<b>4 087</b>	<b>1 384 207</b>
<b>2020</b>					
Investment property	427 296	597 725	228 091	–	1 253 112
Straight-line asset	2 704	85 719	26 909	–	115 332
Lease incentive	–	14 556	–	–	14 556
Trade and other receivables	4 128	–	–	–	4 128
Cash and cash equivalents	–	–	–	7 196	7 196
<b>Total assets per the consolidated financial statements</b>	<b>434 128</b>	<b>698 000</b>	<b>255 000</b>	<b>7 196</b>	<b>1 394 324</b>

The amounts provided to EXCO with respect to total liabilities are measured in a manner consistent with that in the statement of financial position.

	Mixed use R'000	Office R'000	Industrial R'000	General R'000	Total R'000
<b>2021</b>					
Bank borrowings	–	–	–	450 000	450 000
Derivative financial instruments	–	–	–	29 633	29 633
Trade and other payables	3 606	13 338	606	10 971	28 521
<b>Total liabilities per the consolidated financial statements</b>	<b>3 606</b>	<b>13 338</b>	<b>606</b>	<b>490 604</b>	<b>508 154</b>
<b>2020</b>					
Bank borrowings	–	–	–	452 000	452 000
Derivative financial instruments	–	–	–	16 011	16 011
Trade and other payables	5 257	15 023	560	11 131	31 971
<b>Total liabilities per the consolidated financial statements</b>	<b>5 257</b>	<b>15 023</b>	<b>560</b>	<b>479 142</b>	<b>499 982</b>

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 4. INVESTMENT PROPERTIES

	2021			2020		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
<b>GROUP</b>						
Investment property	1 244 139	–	1 244 139	1 250 649	–	1 250 649
Furniture and fixtures	5 301	(2 665)	2 636	4 856	(2 393)	2 463
<b>Total</b>	<b>1 249 440</b>	<b>(2 665)</b>	<b>1 246 775</b>	<b>1 255 505</b>	<b>(2 393)</b>	<b>1 253 112</b>

### Reconciliation of investment properties

	Opening balance R'000	Additions R'000	Fair value adjustment R'000	Depreciation R'000	Closing balance R'000
<b>GROUP</b>					
<b>2021</b>					
Investment property	1 250 649	–	(6 510)	–	1 244 139
Furniture and fixtures	2 463	445	–	(272)	2 636
<b>Total</b>	<b>1 253 112</b>	<b>445</b>	<b>(6 510)</b>	<b>(272)</b>	<b>1 246 775</b>
<b>2020</b>					
Investment property	1 276 421	–	(25 772)	–	1 250 649
Furniture and fixtures	1 913	909	–	(359)	2 463
<b>Total</b>	<b>1 278 334</b>	<b>909</b>	<b>(25 772)</b>	<b>(359)</b>	<b>1 253 112</b>

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 4. INVESTMENT PROPERTIES (continued)

### Valuation reconciliation of Investment properties

	2021 R'000	2020 R'000
<b>JSE Building</b>		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
– Purchase price	18 070	18 070
– Fair value adjustment	603 351	579 655
– Straight-line of lease asset	82 670	85 719
– Lease incentive	11 909	14 556
	<b>716 000</b>	698 000
<b>24 Central (mainly office and retail)</b>		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
– Purchase price	238 000	238 000
– Fair value adjustment	154 847	183 607
– Straight-line of lease asset	5 291	2 704
– Capitalised expenditure	5 862	5 689
	<b>404 000</b>	430 000
<b>Linbro Park</b>		
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)		
– Purchase price	127 858	127 858
– Fair value adjustment	(652)	2 094
– Straight-line of lease asset	20 096	20 350
– Capitalised expenditure	698	698
	<b>148 000</b>	151 000
<b>Crown Mines</b>		
Erven 1 and 2 Crown City, Extension 1		
– Purchase price	85 044	85 044
– Fair value adjustment	13 697	12 397
– Straight-line of lease asset	7 259	6 559
	<b>106 000</b>	104 000

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 4. INVESTMENT PROPERTIES (continued)

	2021 R'000	2020 R'000
<b>Fair value of investment property for accounting purposes</b>		
Opening fair value of property assets	1 383 000	1 407 000
Gross fair value adjustment on investment property	(6 510)	(25 772)
Additions to fixtures and fittings	445	909
Depreciation	(272)	(359)
Acquisition of investment property	–	–
Straight-line lease asset and lease incentive movement	(2 663)	1 222
Property valuation	1 374 000	1 383 000
Less: Straight-line lease income adjustment	(115 316)	(115 332)
Less: Lease incentive receivable	(11 909)	(14 556)
Closing fair value of property assets	1 246 775	1 253 112

### Securities

Mortgage bonds have been registered over investment properties with a fair value of R1 246 775 493 (2020: R1 253 112 314) as security for interest-bearing liabilities at a nominal value amounting to R500 000 000 (2020: R500 000 000).

### Details of valuation

The properties were valued on 28 February 2021 using the discounted cash flow of future income streams method. The valuation of the properties were performed by an independent valuer, Peter Parfitt of Quadrant Properties Proprietary Limited, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, No. 47 of 2000.



# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 4. INVESTMENT PROPERTIES (continued)

The key assumptions and unobservable inputs used by the company in determining fair value were as follows:

	Mixed use %	Office %	Industrial %
Discount rate	15,00	14,00	15,00
Exit capitalisation rate	9,75	8,75	10,25
Capitalised rate	9,50	8,50	9,25
Growth rate	5,50	6,05	5,75

2020	Mixed use %	Office %	Industrial %
Discount rate	15,00	14,25	15,00
Exit capitalisation rate	9,75	9,00	10,25
Capitalised rate	9,50	8,50	9,25
Growth rate	7,53	7,13	5,75

Investment property is required to be fair valued with sufficient regularity that the value is representative of the fair value. All properties were valued by an independent valuer and are carried at the specified value.

### Measurement of fair value

#### Valuation techniques

**Discounted cash flows:** The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental and expense growth rates, vacant periods, lease incentive costs such as rent-free periods and other costs not recovered from tenants. The expected net cash flows are discounted using a discount rate. The discount rate applied is derived using an appropriate capitalisation rate and adding a growth rate based on market-related rentals, testing this for reasonableness by comparing the resultant Rand rate per m<sup>2</sup> against comparative sales of similar properties in similar locations. Amongst other factors, the capitalisation rate estimation considers the quality of the building, its location, the tenants' credit quality and their lease terms.

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 5. EARNINGS PER SHARE

	GROUP	
	2021 R'000	2020 R'000
<b>Basic earnings per share</b>		
<b>Basic earnings</b>		
Profit attributable to shareholders	17 086	12 156
Weighted average number of ordinary shares in issue	100 000 001	100 000 001
<b>Basic earnings per share</b>		
From continuing operations (cents per share)	17,09	12,16
<b>Diluted earnings per share</b>		
There are no dilutive instruments in issue.		
Profit attributable to shareholders	17 086	12 156
Weighted average number of ordinary shares in issue	100 000 001	100 000 001
Diluted earnings per share (cents per share)	17,09	12,16
<b>Headline earnings per share</b>		
<b>Headline earnings is calculated as follows:</b>		
Profit attributable to shareholders	17 086	12 156
<i>Adjusted for:</i>		
Change in fair value of investment property as a result of depreciation in property value	6 510	25 772
	23 596	37 928
Weighted average number of ordinary shares in issue	100 000 001	100 000 001
<b>Headline earnings per share (cents per share)</b>		
From continuing operations (cents per share)	23,60	37,93

The weighted average number of shares has been calculated as 100 000 001 (2020: 100 000 001) weighted for the full financial year to 28 February 2021, resulting in 100 000 001 (2020: 100 000 001) shares.

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 6. PAYMENT OF FINAL DIVIDEND

The board has approved and notice is hereby given of the final gross dividend of 20,25025 cents per share for the year ended 28 February 2021.

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

	2021
Last date to trade <i>cum</i> dividend	Tuesday, 8 June
Shares trade <i>ex</i> dividend	Wednesday, 9 June
Record date	Friday, 11 June
Payment date	Monday, 14 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 June 2021 and Friday, 11 June 2021, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 14 June 2021. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 14 June 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.

# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 6. PAYMENT OF FINAL DIVIDEND (continued)

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 16,20020 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: 9114003149.

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## 7. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of the publication of these results.

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## 8. GOING CONCERN

The group has committed and available liquidity facilities amounting to R50 million.

The strong tenant profile on the three single-tenanted properties supports a resilient income profile. Almost all tenants have resumed operations post-lockdown restrictions. The lockdown had the largest impact on the group’s mixed use property tenants.

The board has considered the current realities of the operating environment and has stress-tested the group’s liquidity and solvency against worse-case scenario outcomes, albeit highly unlikely, the group still remains liquid and solvent. Therefore, the directors believe that the group has adequate financial resources to continue in operation for the ensuing 12-month period and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

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# SIGNIFICANT FINANCIAL STATEMENT NOTES

continued

for the year ended 28 February 2021

## 9. RELATED PARTIES

	2021 R'000	2020 R'000
<b>Professional services</b>		
JAI Ferreira	671	741
SP Fifield	1 269	1 686

By order of the board.

**Simon Fifield**  
*Chief executive officer*

**Dries Ferreira**  
*Financial director*

Johannesburg  
21 May 2021

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021



**Newpark**

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 the JSE)

("Newpark" or "the company" or "the group")

The second edition of the SA REIT Association's Best Practice Recommendations were published during November 2019. This document recommends the disclosure of certain non-IFRS financial measurement and is effective for all members for reporting periods commencing on or after 1 January 2020. SA REIT encourages full compliance with best practice recommendations and suggests an annexure to be published with the integrated report.

The Newpark REIT group implemented these best practice recommendations for the first time during the 2021 financial year.

## 1. SA REIT funds from operations (FFO) per share

	2021 R'000	2020 R'000
Profit per IFRS statement of comprehensive income (SOCl) attributable to the parent	17 086	12 156
<i>Adjusted for:</i>		
Accounting/specific adjustments:	9 173	24 550
Fair value adjustments to:		
– Investment property	6 510	25 772
– Straight-lining operating lease adjustment	2 663	(1 222)
Foreign exchange and hedging items:	13 622	7 948
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	13 622	7 948
<b>FFO</b>	<b>39 881</b>	44 654
Number of shares outstanding at end of period (net of treasury shares)	100 000	100 000
<b>FFO per share</b>	<b>39,88</b>	44,65
<b>Dividend per share</b>	<b>39,88</b>	40,06*
– Interim dividend	19,63	24,32
– Final dividend	20,25	15,74

\* The quantum of the final dividend declaration for the 2020 financial period was reduced by an amount of R4,6 million, resulting in the total dividend for the financial year representing 89,7% of the FFO.

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 1. SA REIT funds from operations (FFO) per share (continued)

### Reconciliation between cash from operating expenses and SA REIT FFO

	2021 R'000	2020 R'000
<b>SA REIT FFO</b>	<b>39 881</b>	44 654
<i>Adjustments</i>		
Working capital adjustment		
– Trade receivables	<b>(1 989)</b>	(168)
– Trade payables	<b>(3 450)</b>	3 289
Impairment of trade receivables	<b>(3)</b>	–
Depreciation of property, plant and equipment	<b>272</b>	359
<b>Net cash from operating activities</b>	<b>34 711</b>	48 134

## 2. SA REIT NET ASSET VALUE (SA REIT NAV)

	2021 R'000	2020 R'000
<b>Reported NAV attributable to the parent</b>	<b>876 053</b>	894 342
<i>Adjustments:</i>		
Dividend to be declared	<b>(20 250)</b>	(15 744)
Fair value of certain derivative financial instruments	<b>29 633</b>	16 011
<b>SA REIT NAV</b>	<b>885 436</b>	894 609
<b>Shares outstanding</b>		
Number of shares in issue at period end (net of treasury shares) ('000)	<b>100 000</b>	100 000
Dilutive number of shares in issue ('000)	<b>100 000</b>	100 000
<b>SA REIT NAV per share (R)</b>	<b>8,85</b>	8,94

## ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

### 3. SA REIT cost to income

	2021 R'000	2020 R'000
<b>Expenses</b>		
Operating expenses per IFRS income statement (includes municipal expenses)	23 299	32 530
Operating costs	23 299	32 530
<b>Rental income</b>		
Contractual rental income per IFRS income statement (excluding straight-lining)	104 179	115 247
Utility and operating recoveries per IFRS income statement	10 285	10 660
<b>Gross rental income</b>	114 464	125 907
<b>SA REIT cost-to-income ratio (%)</b>	20,4	25,8

### 4. SA REIT administrative cost-to-income ratio

	2021 R'000	2020 R'000
<b>Expenses</b>		
Administrative expenses as per IFRS income statement	5 552	6 139
<b>Administrative costs</b>	5 552	6 139
<b>Rental income</b>		
Contractual rental income per IFRS income statement (excluding straight-lining)	104 179	115 247
Utility and operating recoveries per IFRS income statement	10 284	10 660
<b>Gross rental income</b>	114 464	125 907
<b>SA REIT administrative cost-to-income ratio (%)</b>	4,9	4,9



## ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

### 5. SA REIT GLA vacancy rate

	2021 R'000	2020 R'000
Gross lettable area of vacant space	7 803	6 926
Gross lettable area of total property portfolio	57 761	57 481
<b>SA REIT GLA vacancy rate (%)</b>	<b>13,5</b>	12,1

### 6. SA REIT Cost of debt

	2021 %	2020 %
<b>Variable interest rate borrowings</b>		
Floating reference rate plus weighted average margin	5,73	8,96
<b>Pre-adjusted weighted average cost of debt</b>	<b>5,73</b>	8,96
<i>Adjustments:</i>		
Impact of interest rate derivatives	3,44	0,72
<b>All-in weighted average cost of debt</b>	<b>9,17</b>	9,68

### 7. SA REIT loan-to-value

	2021 R'000	2020 R'000
Gross debt	450 000	452 000
Less: Cash and cash equivalents	(4 087)	(7 196)
Add: Derivative financial instruments	29 633	16 011
<b>Net debt</b>	<b>475 546</b>	460 815
Total assets – per Statement of Financial Position	1 384 207	1 394 324
Less:		
– Cash and cash equivalents	(4 087)	(7 196)
– Trade and other receivables	(6 120)	(4 128)
<b>Carrying amount of property-related assets</b>	<b>1 374 000</b>	1 383 000
<b>SA REIT loan-to-value ("SA REIT LTV")</b>	<b>34,6</b>	33,3

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 8. Gross initial yield

	2021 R'000	2020 R'000
<b>Gross initial yield</b>		
Investment property	1 374 000	1 383 000
<b>Grossed up property value</b>	<b>1 374 000</b>	1 383 000
<b>Property income</b>		
Contractual cash rentals	108 290	107 183
<b>Annualised net rental</b>	<b>108 290</b>	107 183
<b>Net initial yield (%)</b>	<b>7,88</b>	7,75

## 9. Property disclosures

The table below sets out the details of the properties within the property portfolio.

Property name	Physical address	Sector	Land area m <sup>2</sup>	Nature	Weighted average rental per m <sup>2</sup> (R/m <sup>2</sup> )	Rentable area (GLA) m <sup>2</sup>	Vacancy (% of group rental area)	Valuation as at 28 February 2021 R'000
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196 Gauteng	Office	5 659	Prime grade offices	*	18 163,00	–	716 000
24 Central	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Mixed use (mainly office and retail)	17 679	A grade offices	96,84	15 934,28	13,5	404 000
Linbro Business Park	Portion 3 and 4 of Erf 9 Frankenwald Extension 3 Township (Linbro Business Park)	Industrial	23 511	B grade industrial	*	12 387,00	–	148 000
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	21 023	B+ grade industrial	*	11 277,00	–	106 000
<b>Total</b>					<b>159,21</b>	<b>57 761,28</b>	<b>13,5</b>	<b>1 374 000</b>

\* As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the weighted average rental per m<sup>2</sup> as at 28 February 2021 has been included in the weighted average rental per m<sup>2</sup> for the group.

All four of the properties are 100% owned by the group.

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 9. Property disclosures (continued)

**24 Central:** This is a prime grade, high-quality finish commercial office property with 20% retail (restaurant) support aspect. Footprint is generally a hexagonal structure with attached parking and outside dining facilities on the ground floor. There is multi-volume open internal atrium space and offices are located on four floors above this.

### Analysis of the properties

An analysis of the properties in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as at 28 February 2021 is provided in the tables below.

### Lease expiry profile

GLA	TOTAL m <sup>2</sup>	Mixed use m <sup>2</sup>	Office m <sup>2</sup>	Industrial m <sup>2</sup>	Storage m <sup>2</sup>
Vacant	7 803,21	4 876,67	–	–	2 926,54
Feb 2022	2 820,44	2 820,44	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	528,63	528,63	–	–	–
Feb 2025	13 422,00	1 035,00	–	12 387,00	–
Feb 2026	18 675,00	512,00	18 163,00	–	–
> Feb 2026	14 512,00	3 235,00	–	11 277,00	–

Gross rental as a percentage of total gross income	TOTAL %	Mixed use %	Office %	Industrial %	Storage %
Vacant	8,1	5,9	–	–	2,2
Feb 2022	3,6	3,6	–	–	–
Feb 2023	–	–	–	–	–
Feb 2024	1,0	1,0	–	–	–
Feb 2025	18,2	1,0	–	17,2	–
Feb 2026	57,3	1,2	56,1	–	–
> Feb 2026	11,8	2,9	–	8,9	–

### Geographic profile

All of the properties are located in Gauteng.

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m <sup>2</sup>
<b>Sectoral profile</b>				
Office	31,4	56,1	0,0	18 163,0
Mixed use (retail and office)	22,5	15,6	8,4	13 007,7
Industrial	41,0	26,1	0,0	23 664,0
Mixed use (storage)	5,1	2,2	5,1	2 926,5
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>13,5</b>	<b>57 761,2</b>

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 9. Property disclosures (continued)

	GLA m <sup>2</sup>	GLA %	Gross rental for the 28 February 2021 period R'000
<b>Tenant profile</b>			
A	46 608,50	80,7	102 639
B	1 508,83	2,6	5 999
C	1 840,74	3,2	3 395
Vacant	7 803,21	13,5	–
	57 761,28	100,0	112 033

For the tenant profile table, the following key is applicable:

- Large international and national tenants, large listed tenants, government and major franchisees. These are the JSE Limited, Saudi Arabian Airlines Inc., Vida E Café Proprietary Limited, MTN Limited, TLS South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Hellermann Tyton and Bidvest.
- National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are Solo, News Café, Lexi's Healthy Eatery and Urban Crust.
- Other local tenants and sole proprietors. These are Club Sublime CC (Taboo), Juju Lounge CC (Cocoon/BOA), ATM Solutions Proprietary Limited and AU999 Commodities.

### Top 10 tenants by gross rental revenue

Tenant	Sector	Gross rental revenue for the 28 February 2021 period R'000
JSE	Office	*
HellermannTyton	Industrial	*
Bidvest Afcom (Pty) Ltd	Industrial	*
<b>Top three tenants</b>		<b>92 289</b>
CCI South Africa	Mixed use (retail and office)	7 570
Boo Media	Mixed use (retail and office)	2 666
CLP Investments	Mixed use (retail and office)	2 229
TLS	Mixed use (retail and office)	2 165
Solo Restaurant	Mixed use (retail and office)	771
Taboo	Mixed use (retail and office)	756
Vida E Cafe	Mixed use (retail and office)	613
		<b>109 059</b>

\* As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the gross income for the period for these three properties are presented as a total value.

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 9. Property disclosures (continued)

	2021 R'000	2020 R'000
<b>JSE Building</b>		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
– Purchase price	18 070	18 070
– Fair value adjustment	630 351	579 655
– Straight-line of lease asset	82 670	85 719
– Lease incentive	11 909	14 556
	<b>716 000</b>	698 000
<b>24 Central (mainly office and retail)</b>		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
– Purchase price	238 000	238 000
– Fair value adjustment	154 847	183 607
– Straight-line of lease asset	5 291	2 704
– Capitalised expenditure	5 862	5 689
	<b>404 000</b>	430 000
<b>Linbro Park</b>		
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)		
– Purchase price	127 858	127 858
– Fair value adjustment	(652)	2 094
– Straight-line of lease asset	20 096	20 350
– Capitalised expenditure	698	698
	<b>148 000</b>	151 000
<b>Crown Mines</b>		
Erven 1 and 2 Crown City, Extension 1		
– Purchase price	85 044	85 044
– Fair value adjustment	13 697	12 397
– Straight-line of lease asset	7 259	6 559
	<b>106 000</b>	104 000

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 9. Property disclosures (continued)

	2021 R'000	2020 R'000
<b>Fair value of investment property for accounting purposes</b>		
Opening fair value of property assets	1 383 000	1 407 000
Gross fair value adjustment on investment property	(6 510)	(25 772)
Additions to fixtures and fittings	445	909
Depreciation	(272)	(359)
Acquisition of investment property	–	–
Straight-line lease asset and lease incentive movement	(2 663)	1 222
Property valuation	1 374 000	1 383 000
Less: Straight-line lease income adjustment	(115 316)	(115 332)
Less: Lease incentive receivable	(11 909)	(14 556)
Closing fair value of property assets	1 246 775	1 253 112

At 28 February 2021, the key assumptions and unobservable inputs used by the company in determining fair value were as follows:

2021	Mixed use %	Office %	Industrial %
Discount rate	15,00	14,00	15,00
Exit capitalisation rate	9,75	8,75	10,25
Capitalised rate	9,50	8,50	9,25
Growth rate	5,50	6,05	5,75

2020	Mixed use %	Office %	Industrial %
Discount rate	15,00	14,25	15,00
Exit capitalisation rate	9,75	9,00	10,25
Capitalised rate	9,50	8,50	9,25
Growth rate	7,53	7,13	5,75

# ANNEXURE 1 – SA REIT ASSOCIATION BEST PRACTICE

for the 12 months ended 28 February 2021

continued

## 9. Property disclosures (continued)

### Other property disclosures

	Average rental escalation %	Average lease length period in years at period-end	Gross rental for the 28 February 2021 period R'000	Acquisition date of property
<b>Sectoral profile</b>				
JSE Building (office)	8,25	4,6	*	3 February 2016
24 Central (Mixed use )	8,73	2,8	19 744	3 February 2016
Linbro Business Park (Industrial)	8,34	3,8	*	28 February 2017
Crown Mines (Industrial)		5,8	*	28 February 2017

\* As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the gross income for the period for these three properties is R92 289 in total.

Date of publication: 21 May 2021



Newpark

[www.newpark.co.za](http://www.newpark.co.za)