

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 INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

DIRECTORS' COMMENTARY

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 18,533 m² of gross lettable area ("GLA") and an adjoining mixed-use property known as 24 Central, which has 16,526 m² of GLA. The third property is situated in Linbro Business Park which has 13,713 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 2024 was R1,042 billion.

STRATEGY

Newpark's investment strategy is to seek well-located prime commercial, industrial and retail properties in South Africa, which provide a high-quality, sustainable earnings base with the potential for capital appreciation within the medium to long-term.

COMMENTARY ON RESULTS

Notwithstanding subdued market conditions, the valuations of Newpark's property portfolio have remained in line with the 29 February 2024 values with the only change during the interim period of six months being to the value of the JSE building where the lease with the JSE has been extended to December 2030. The valuation at 31 August 2024 accounts for an anticipated negative reversion of rentals to market related levels on 1 April 2025.

Revenue for the six months ended 31 August 2024 was R68,8 million, an increase of 0,1% compared to the same period in FY2024, and operating profit before fair value adjustments was R46,0 million (down 5,9%) predominantly as a result of increased property and administration costs. During the period, there was a R2,5 million downward adjustment in value on the interest rate hedges and a downward adjustment of R13,4 million on investment properties. Allowing for fair value adjustments and the net cost of finance, the total comprehensive profit for the period was R8,3 million (H1 FY2024 loss: R42,1 million), representing a profit per share of 8,328 cents per share ("cps") (H1 FY2024 loss: 42,117 cps).

Funds from operations per share ("FFOPS") for the period were 35,498 cps which represents a 11,7% decrease from the same period in FY2024. The decrease is attributed to the reversion in rental at HellermannTyton and increased property and administration costs. The negative impacts were partially off-set by escalations in rentals at the JSE and Crown Mines properties as well as increased retail occupancies and advertising income at 24 Central.

Following the extensions of the HellermannTyton and the JSE leases, which commenced on 1 January 2024 and 1 August 2024, respectively, the weighted average lease expiry (by GLA) for the portfolio increased to 5,8 years.

Newpark's balance sheet continues to remain financially sound with a loan-to-value level ("LTV") of 41,7% (FY2024: 41,1%). Whilst one of the debt covenant measures exceeded the required level as at 31 August 2024, the debt providers have condoned the breach pending the outcome of the extension of term of debt referred to below.

Debt facilities of R150,0 million will mature in May 2025 and have been reflected under current liabilities. Management is engaging with debt providers to extend the maturity dates of the facilities. The strong interest cover ratios together with an extended weighted average lease expiry profile are expected to support a favourable debt extension outcome, resulting in a longer overall debt maturity profile.

The Group's weighted average cost of funding, following the maturity of one of the interest rate hedges, is 9.300% (31 August 2023:9,258%). Hedges remain in place for 63,8% of the Group's drawn debt exposure as at 31 August 2024.

Funds from operations (“FFO”)

In addition to the IFRS performance measurements disclosed in this report, the Group discloses supplementary non-IFRS measurements, including FFO and FFOPS, as recommended by SA REIT Best Practice Guidelines.

FFO and FFOPS are set out in the table below reflecting the required adjustments to the (loss)/profit per the statement of comprehensive profit and the dividend per share.

	Six Months 31 August 2024 R'000	Six Months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Profit/(loss) per IFRS statement of comprehensive income (SOCl)	8 328	(42 117)	(222 281)
<i>Adjusted for:</i>			
Accounting/ specific adjustments:	27 170	82 297	303 388
- Fair value adjustment to investment properties	13 389	70 000	274 680
- Fair value impact of straight-lining and incentives on operating leases	11 288	11 848	26 178
- Fair value adjustments on derivative financial instruments for hedging	2 494	449	2 530
FFO	35 498	40 180	81 107
Number of shares outstanding at end of period ('000)	100,000	100,000	100 000
FFOPS	35,50	40,18	81,11
Dividend per share	30,00	35,00	70,37
-Interim dividend per share (declared October)	30,00	35,00	35,00
-Final dividend per share (declared May 2024)	-	-	35,37

Net asset value

Newpark's net asset value per share as at 31 August 2024 was R5,84, a decrease of 3,15% from R6,03 as at 29 February 2024.

Sectoral split, lease expiry profile & vacancies

SECTORAL SPLIT		
Based on:	GLA	Gross Rentals
Mixed use (retail and office)	22,6%	15,7%
Mixed use (storage)	4,9%	1,3%
Office	30,9%	61,9%
Industrial	41,6%	21,1%
	100,0%	100,0%
LEASE EXPIRY PROFILE & VACANCIES		
Based on:	GLA	Gross Rentals
Vacant	7,3%	2,5%
Feb 2025	2,9%	2,4%
Feb 2026	1,4%	2,1%
Feb 2027	11,7%	7,1%
Feb 2028	1,6%	1,1%
Feb 2029	0,6%	0,6%
> Feb 2029	74,4%	84,3%
	100,0%	100,0%

The lease for Newpark's largest single tenant, the JSE, has been extended to December 2030. The remaining lease periods for all three single tenanted properties are greater than five years.

Funding

Facilities	Amount R'000	Margin
Expiry May 2025 (Facility B) – floating rate	150 000	3-month JIBAR +2,35%
Expiry Nov 2025 (Facility C) – floating rate	50 000	Prime -1,30%
Expiry Nov 2025 (Facility D) – floating rate	150 000	3-month JIBAR +1,85%
Expiry Nov 2027 (Facility E) – floating rate	150 000	3-month JIBAR +2,10%
TOTAL	500 000	

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:

- a. Covenant required >1,6 times
- b. Actual measurement on 31 August 2024 = 2,1 times (headroom in EBITDA of R11,2 million)

Secured properties interest cover measured as secured property net income: secured properties interest payable

- a. Covenant required >1,7 times
- b. Actual measurement on 31 August 2024 = 2,9 times (headroom of R26,4 million)

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

- a. Covenant required <45%
- b. Actual measurement on 31 August 2024 = 41,8% (headroom of R35,2 million)

Secured properties Loan to Value measured as outstanding facilities: secured property valuation

- a. Covenant required <40%
- b. Actual measurement on 31 August 2024 = **42,8%*** (shortfall of **R30,9 million**)

* The Secured properties LTV ratio of 42,8% represents a breach of the debt covenant, but the lender has formally condoned the breach of the covenant until 28 February 2025.

Hedging

Hedge instruments	Amount R'000	Hedges of 3-month JIBAR base-rate/cap-rate
Hedge 8: Rate swap forward – expires 29 November 2024	150 000	5,19%
Hedge 9: Interest rate cap – expires 1 June 2025	150 000	9,00%
Weighted average hedge base rate at 31 August 2024 – 7,10%		

As at 31 August 2024, 63,8% of Newpark's drawn debt exposure was hedged with an interest rate swap which matures in November 2024 and an interest rate cap which expires in June 2025. The level of hedging varies depending on the level of utilisation of the R50 million revolving credit facility, with the minimum hedge ratio being 60,0% should the full revolving facility be drawn down. Current cash flow forecasts don't envisage the full facility being used in the current financial year.

The weighted average cost of funding as at 31 August 2024 was 9,300% (9,266% at 29 February 2024) and the weighted average term to maturity for the hedges was 0,49 years. The weighted average maturity of the outstanding facilities as at 31 August 2024 was 1,73 years.

Summary of financial position and performance

	31 August 2024	31 August 2023	29 February 2024
Shares in issue	100,000,001	100,000,001	100,000,001
Net asset value per share <i>(after adjustment for any proposed dividend to be paid for the period)</i>	R5,84	R8,16	R6,03
Loan-to-value ratio *	41,2%	33,3%	41,1%
Distributable earnings per share **	35,50	40,18	81,11
Gross property operating expense ratio***	20,1%	20,1%	17,5%

*The loan-to-value ratio is calculated by dividing interest bearing borrowing net of cash on hand by the total value of investment property and is calculated in line with the SA REIT Best Practice guidelines.

** Distributable earnings per share is determined from distributable earnings divided by weighted average number of shares in issue and is reflected in cents for the Six Months ended 31 August 2024 and 2023 and year ended 29 February 2024.

*** for the Six Months period ended 31 August 2024 and 2023 and year ended 29 February 2024.

Outlook

After having concluded the lease extension with the JSE, the weighted average lease expiry for the portfolio has increased to 5,8 years, providing a positive outlook for the group with its high quality, medium term predictable cash flows. The positive outlook is further supported by improving market conditions and the start of the interest rate cutting cycle.

A portion of the groups Group's borrowings will mature in May 2025 and the debt providers will be engaged in order to refinance the borrowings and to re-align the Group's balance sheet and covenants with the operational cash flow profile of the business.

Guidance given to the market on Newpark's budgeted FFOPS for the year ending 28 February 2025 was between 50,00 and 60,11 cents per share, being a decrease of between 25,9% and 38,4% when compared to the FFOPS for the year ended 29 February 2024 of 81,11 cents per share. The board has now updated the FFOPS guidance to a revised FFOPS for the year ending 28 February 2025 of between 67,00 and 78,00 cents per share, being a decrease of between 3,8% and 17,4% when compared to the FFOPS for the year ended 29 February 2024 of 81,11 cents per share. The revised budgeted FFOPS takes into account the terms of the early JSE lease extension, effective from 1 August 2024, with the negative impact of the rental reversion in terms of the lease having been deferred until the next financial year. The contracted lower rentals in terms the JSE lease extension will result in a 48,5% reduction in rent receivable from the JSE for the financial year ending 28 February 2026 as compared with the current financial year.

The dividend per share, for the year ended 28 February 2025 is budgeted to be in line with the revised FFOPS of 67,00 and 78,00 cents per share being between 4,8% below and 10,8% above the total dividend of 70,37 cents per share declared for the year ended 29 February 2024.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 August 2024 (R'000)	Unaudited 31 August 2023 (R'000)	Audited 29 February 2024 (R'000)
Assets				
Non-current assets				
Investment properties	note 3	1 041 687	1 236 028	1 047 982
Straight-line lease asset		53 484	76 455	63 448
Lease incentive		-	2 646	1 323
Derivative financial instruments		-	5 703	-
		1 095 171	1 320 832	1 112 753
Current Assets				
Trade and other receivables		2 381	8 729	3 705
Lease incentive		2 647	2 647	2 647
Derivative financial instruments		1 127	-	3 621
Cash and cash equivalents		11 206	22 831	12 996
Total Current Assets		17 361	34 207	22 970
Total Assets		1 112 532	1 355 039	1 135 723
Equity and Liabilities				
Equity				
Share capital		619 918	619 918	619 918
Reserves		180 412	180 412	180 412
Retained income		(185 420)	56 785	(158 379)
		614 910	857 115	641 951
Liabilities				
Non-Current Liabilities				
Bank borrowings		320 008	468 010	474 500
		320 008	468 010	474 500
Current liabilities				
Current portion of bank borrowings		150 000	-	-
Trade and other payables		27 614	29 914	19 271
Total Current Liabilities		177 614	29 914	19 271
Total Liabilities		497 622	497 924	493 771
Total Equity and Liabilities		1 112 532	1 355 039	1 135 723

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six Months 31 August 2024 (R'000)	Unaudited Six Months 31 August 2023 (R'000)	Audited Year ended 29 February 2024 (R'000)
Revenue	68 803	68 753	130 886
Property operating expenses	(16 100)	(16 385)	(27 430)
Administrative expenses	(6 707)	(3 506)	(6 508)
Operating profit before fair value adjustments	45 996	48 862	96 948
Net loss from fair value adjustment on investment property	(13 389)	(70 000)	(274 680)
Net changes in fair value of financial instruments at fair value through profit or loss	(2 494)	(449)	(2 530)
Operating profit	30 113	(21 587)	(180 262)
Finance income	317	756	1 068
Finance costs	(22 102)	(21 286)	(43 087)
Profit/(Loss) before taxation	8 328	(42 117)	(222 281)
Taxation	-	-	-
Profit/(Loss) for the period	8 328	(42 117)	(222 281)
Other comprehensive income/(loss)	-	-	-
Total comprehensive income	8 328	(42 117)	(222 281)

Earnings per share information (cents per share)

Basic earnings/(loss) per share	note 4	8,33	(42,12)	(222,28)
Diluted earnings/(loss) per share	note 4	8,33	(42,12)	(222,28)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (R'000)	Share issue costs (R'000)	Total share capital (R'000)	Capital reorganisation reserve (R'000)	Retained income (R'000)	Total equity (R'000)
Audited						
Balance at 1 March 2023	625 000	(5 082)	619 918	180 412	141 097	941 427
Loss for the period	-	-	-	-	(222 281)	(222 281)
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(77 195)	(77 195)
Balance at 1 March 2024	625 000	(5 082)	619 918	180 412	(158 379)	641 951
Unaudited						
Profit for the period	-	-	-	-	8 328	8 328
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(35 369)	(35 369)
Balance at 31 August 2024	625 000	(5 082)	619 918	180 412	(185 420)	614 910

CONSOLIDATED STATEMENT OF CASH FLOWS

	Restated *		Audited Year ended 29 February 2024 (R'000)
	Unaudited Six Months 31 August 2024 (R'000)	Unaudited Six Months 31 August 2023 (R'000)	
Cash flows from operating activities			
Cash generated from operations	67 055	68 645	124 377
Finance income	317	756	1 068
Finance costs	(22 102)	(21 286)	(41 928)
Net cash generated from operating activities	45 270	48 115	83 517
Cash flows from investing activities			
Purchase of furniture and fittings	-	(7 664)	(30)
Improvements to investment properties	(7 199)	(10 053)	(34 414)
Net cash utilised by investing activities	(7 199)	(17 717)	(34 444)
Cash flows from financing activities			
Dividends paid	(35 369)	(42 195)	(77 195)
Proceeds from bank borrowings*	44 000	25 510	78 669
Repayment of bank borrowings*	(48 492)	(7 500)	(54 169)
Net cash utilised by financing activities	(39 861)	(24 185)	(52 695)
Total cash and cash equivalent movement for the period	(1 790)	6 213	(3 622)
Cash and cash equivalents at beginning of period	12 996	16 618	16 618
Total cash and cash equivalents at end of period	11 206	22 831	12 996
Additional info on cash flow:			
Cash generated from operations before working capital changes	57 388	60 804	123 313
Working capital changes	9 667	7 841	1 064
Cash generated from operations	67 055	68 645	124 377

* In the prior year, the amounts were off set. These have been disaggregated.

SIGNIFICANT FINANCIAL STATEMENT NOTES**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements for the six Months ended 31 August 2024 have been prepared in accordance with the JSE Listings Requirements and the Companies Act of South Africa. The JSE Listings Requirements require interim reports to be prepared in accordance with IFRS® Accounting Standards ("IFRS"), SA financial reporting requirements as defined in the JSE Listings Requirements, 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 preparation of the previous consolidated audited financial statements for the year ended 29 February 2024.

The unaudited interim consolidated financial statements were compiled by Alan Wilson CA(SA), the Company's financial director.

The directors are not aware of any matters or circumstances arising subsequent to the period-end that require any additional disclosure or adjustment to the financial statements. The directors take full responsibility for the preparation of this interim report. These unaudited consolidated interim financial statements have not been reviewed by the Company's auditors.

2. SEGMENTAL ANALYSIS

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 31 August 2024, the group is organised into four main operating segments:

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

The segment information provided to EXCO for the operating segments for the period ended 31 August 2024 has been provided below.

Six Months ended 31 August 2024 (unaudited)	Mixed use (retail and office) (R'000)	Office (R'000)	Industrial (R'000)	Head Office (R'000)	Total (R'000)
Revenue	22 205	27 059	19 539	-	68 803
Property operating expenses	(13 308)	-	(2 687)	-	(15 995)
Administrative expenses	-	-	-	(6 707)	(6 707)
Depreciation	(105)	-	-	-	(105)
Operating profit before fair value adjustments	8 792	27 059	16 852	(6 707)	45 996

Year ended 29 February 2024 (audited)	Mixed use (retail and office) (R'000)	Office (R'000)	Industrial (R'000)	Head Office (R'000)	Total (R'000)
Revenue	42 330	56 344	32 212	-	130 886
Property operating expenses	(24 334)	(6)	(2 903)	-	(27 243)
Administrative expenses	-	-	-	(6 508)	(6 508)
Depreciation	(187)	-	-	-	(187)
Operating profit before fair value adjustments	17 809	56 338	29 309	(6 508)	96 948

The amounts provided to the 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.

31 August 2024 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	263 677	498 598	279 412	-	1 041 687
Straight-line lease asset	4 870	28 452	20 162	-	53 484
Lease incentive	-	2 647	-	-	2 647
Derivative financial instruments	-	-	-	1 127	1 127
Trade & other receivables	2 305	39	37	-	2 381
Cash & cash equivalents	1 834	-	112	9 260	11 206
Total assets	272 686	529 736	299 723	10 387	1 112 532

29 February 2024 (audited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Investment property	257 330	511 987	278 665	-	1 047 982
Straight-line lease asset	5 070	41 043	17 335	-	63 448
Lease incentive	-	3 970	-	-	3 970
Derivative financial instruments	-	-	-	3 621	3 621
Trade & other receivables	2 828	41	836	-	3 705
Cash & cash equivalents	552	-	61	12 384	12 996
Total assets	265 780	557 041	286 207	16 005	1 135 723

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

31 August 2024 (unaudited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	-	-	-	470 008	470 008
Trade and other payables	5 516	8 957	553	12 588	27 614
Total liabilities	5 516	8 957	553	482 569	497 622

29 February 2024 (audited)	Mixed use (R'000)	Office (R'000)	Industrial (R'000)	General (R'000)	Total (R'000)
Bank borrowings	-	-	-	474 500	474 500
Trade and other payables	4 979	1 619	130	12 543	19 271
Total liabilities	4 979	1 619	130	487 043	493 771

3. INVESTMENT PROPERTIES

For the six months under review, the property values include movements consisting of the changes in straight lining of the lease assets, the decrease in lease incentives, capital expenditure and depreciation relating to furniture and fittings.

	Unaudited 31 August 2024 (R'000)			Audited 29 February 2024 (R'000)		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	1 039 240	-	1 039 240	1 045 430	-	1 045 430
Furniture and fittings	5 824	(3 377)	2 447	5 825	(3 273)	2 552
Total	1 045 064	(3 377)	1 041 687	1 051 255	(3 273)	1 047 982

Reconciliation of investment properties – 1 March 2024 to 31 August 2024

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 045 430	7 199	(13 389)	-	1 039 240
Furniture and fittings	2 552	-	-	(105)	2 447
Total	1 047 982	27 141	(13 389)	(105)	1 041 687

Reconciliation of investment properties – 1 March 2023 to 29 February 2024

	Opening balance	Additions	Fair value adjustments	Depreciation	Closing balance
Investment property	1 285 696	34 415	(274 680)	-	1 045 430
Furniture and fittings	2 708	30	-	(187)	2 552
Total	1 288 404	34 445	(274 680)	(187)	1 047 982

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.

	31 August 2024 (R'000)	29 February 2024 (R'000)
JSE Building		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
-Purchase price	18 070	18 070
-Fair value adjustment	480 528	493 917
-Straight-line of lease asset	28 452	41 043
-Lease-incentive	2 647	3 970
	529 697	557 000
24 Central		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
-Purchase price	238 000	238 000
-Fair value adjustment	6 958	6 958
-Straight-line of lease asset	4 870	5 070
-Net capitalised expenditure	18 719	12 372
	268 546	262 400
Linbro Park		
Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa		
-Purchase price	127 858	127 858
-Fair value adjustment	32 320	32 320
-Straight-line of lease asset	11 073	8 604
-Net capitalised expenditure	29 266	28 518
	200 517	197 300
Crown Mines		
Erven 1 and 2 Crown City Extension 1		
-Purchase price	85 044	85 044
-Fair value adjustment	4 925	4 925
-Straight-line of lease asset	9 089	8 731
	99 058	98 700
	31 August 2024 (R'000)	29 February 2024 (R'000)
Fair value of investment properties for accounting purposes		
Opening fair value of property assets	1 115 400	1 382 000
Gross fair value adjustment on investment properties	(13 389)	(274 680)
Improvements to investment properties	7 199	34 415
Additions to furniture and fittings	-	30
Depreciation	(105)	(187)
Straight-line lease asset and lease incentive movement	(11 288)	(26 178)
Property valuation	1 097 818	1 115 400
Less: straight-line lease income adjustment	(53 484)	(63 448)
Less: lease incentive receivable	(2 647)	(3 970)
Closing fair value of property assets	1 041 687	1 047 982

Securities

Mortgage bonds at a nominal value of R500 000 000 (February 2024: R500 000 000) have been registered over investment properties with a fair value of R1 041 687 092(February 2024: R1 047 981 968) as security for interest bearing liabilities.

Details of valuation

The valuation of the properties at 31 August 2024 is a directors' valuation taking into account the independent valuation determined at 29 February 2024 adjusted by the directors as considered appropriate.

The properties were valued on 29 February 2024 using the discounted cash flow of future income streams method. The valuation of the properties was performed by an independent valuer, Shawn Crous, of Broll Valuation and Advisory Services (Pty) Ltd, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, no 47 of 2000.

At 29 February 2024, the key assumptions and unobservable inputs used by the Company in determining fair value were as set out below. These assumptions were based on market conditions as of 29 February 2024 and which assumptions are still believed to be appropriate at 31 August 2024.

(all rates are expressed as percentage per annum)	Mixed use	Office	Industrial
Discount rate	13,75%	12,75%	13,38%
Exit capitalisation rate	9,50%	8,50%	9,25%
Initial vacancy	27,13%	0,00%	0,00%
Growth rate	3,60%	3,70%	4,00%

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 m2 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.

The directors have assessed the various metrics critical to performing the valuations over the Group's properties and are of the opinion that the fair values, as determined by the independent valuer at 29 February 2024 still pertain at 31 August 2024 with the exception of the JSE Building, which has been adjusted to account for the terms of the signed lease extension.

4. EARNINGS PER SHARE

	Unaudited Six Months 31 August 2024	Unaudited Six Months 31 August 2023	Audited Year ended 29 February 2024
Basic earnings per share			
Profit/(loss) attributable to shareholders (R'000)	8 328	(42 117)	(222 281)
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic earnings/(loss) per share (cents per share)	8,33	(42,12)	(222,28)
Diluted earnings per share			
There are no dilutive instruments in issue			
Profit/(loss) attributable to shareholders (R'000)	8 328	(42 117)	(222 281)
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Basic diluted earnings/(loss) per share (cents per share)	8,33	(42,12)	(222,28)
Headline earnings per share			
Profit/(loss) attributable to shareholders (R'000)	8 328	(42 117)	(222 281)
Adjusted for:			
Change in fair value of investment property and tax thereof (R'000)	13 389	70 000	274 680
	21 717	27 883	52 399
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
Headline earnings per share (cents per share)			

(from continuing operations)**21,72****27,88****52,40**

The weighted average number of shares has been calculated as 100 000 001 (2023: 100 000 001) weighted for the period to 31 August 2024, resulting in 100 000 001 (2023: 100 000 001) shares.

5. PAYMENT OF INTERIM DIVIDEND

The Board has approved, and notice is hereby given of the gross interim dividend of 30,0000 cents per share for the six months ended 31 August 2024.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below: 2024

Last date to trade <i>cum</i> dividend:	Tuesday, 29 October
Shares trade <i>ex</i> dividend:	Wednesday, 30 October
Record date:	Friday, 1 November
Payment date:	Monday, 4 November

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 October 2024 and Friday, 1 November 2024, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 4 November 2024. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 4 November 2024.

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 24,0000 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.

6. 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 this report.

7. GOING CONCERN

The Group has committed liquidity facilities amounting to R50 million of which R20,0 million was drawn as at 31 August 2024.

The strong tenant profile on the three single-tenanted properties supports a resilient income profile.

The board has considered the current realities of the operating environment and has stress-tested the group's liquidity and solvency against various outcomes. The Board has assessed the Group's ability to refinance the debt facilities due to mature in 2025 and is satisfied that there is reasonable certainty that the facilities will be renewed in the normal course of business. 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 cash requirements over the ensuing 12-month period. 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.

8. RELATED PARTIES

	Six Months 31 August 2024 (R'000)	Six Months 31 August 2023 (R'000)	Year ended 28 February 2024 (R'000)
Professional services – Tygon Capital (Pty) Ltd (AF Benatar is a director)	187	175	350
Professional services – Azalea Capital (Pty) Ltd (AJ Wilson is a director)	273	255	510
Professional services – Renlia Developments (Pty) Ltd (BD van Wyk is a director)	3 294	905	905

By order of the board

Auri Benatar
Chief Executive Officer

Alan Wilson
Financial Director

Johannesburg
9 October 2024

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

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COMPANY SECRETARY

Bronwyn Baker

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR

Java Capital

DATE OF PUBLICATION

10 October 2024

ANNEXURE 1

SA REIT ASSOCIATION BEST PRACTICE GUIDELINES DISCLOSURES FOR THE SIX MONTHS ENDED 31 AUGUST 2024

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 SA REIT Association members for reporting periods commencing on or after 1 January 2020. The SA REIT Association encourages full compliance with best practice recommendations and suggest an annexure to be published with the Integrated report. The disclosures recommended by the SA REIT Association are included below using the common terminology of the SA REIT association.

1. Funds from Operations (FFO) per share

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Profit/(loss) per IFRS statement of comprehensive income	8 328	(42 117)	(222 281)
<i>Adjusted for:</i>			
Accounting/ specific adjustments:	27 170	82 297	303 388
- Fair value adjustment to investment property	13 389	70 000	274 680
- Straight-line and incentive operating leases adjustment	11 288	11 848	26 178
- Fair value adjustments on derivative financial instruments for hedging	2 494	449	2 530
FFO	35 498	40 180	81 107
Number of shares outstanding at end of period ('000)	100,000	100,000	100 000
FFO per share (cents)	35,50	40,18	81,11
Dividend per share (cents)	35,00	35,00	70,37
-Interim dividend per share (cents)	30,00	35,00	35,00
-Final dividend per share (cents)	-	-	35,37

Reconciliation between Cash from operations and FFO

FFO	35 498	40 180	81 107
<i>Adjustments</i>			
Working capital adjustment			
Trade receivables	1 324	(3 246)	1 778
Trade payables	8 343	11 088	445
Impairment of trade receivables	-	-	-
Depreciation of property plant and equipment	105	93	187
Net cash from operating activities	45 270	48 115	83 517

2. Net Asset Value (NAV)

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Reported NAV attributable to the shareholders	614 910	857 115	641 951
<i>Adjustments:</i>			
Dividend to be declared	(30 000)	(35 000)	(35 369)
Fair value of derivative financial instruments	(1 127)	(5 703)	(3 621)
NAV	583 783	816 412	602 961
Shares outstanding			
Number of shares in issue at period end (net of treasury shares) ('000)	100 000	100 000	100 000
Dilutive number of shares in issue ('000)	100 000	100 000	100 000
NAV per share (R)	5,84	8,16	6,03

3. Cost to income

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Expenses			
Property operating expenses per IFRS income statement (includes municipal expenses)	16 100	16 385	27 430
Operating costs	16 100	16 385	27 430
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	66 652	65 056	130 916
Utility and operating recoveries per IFRS income statement	13 439	16 599	26 148
Gross rental income	80 091	81 655	157 064
Cost-to-income ratio (%)	20,1	20,1	17,5

4. Administrative cost-to-income ratio

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Expenses			
Administrative expenses as per IFRS income statement	6 707	3 506	6 508
Administrative costs	6 707	3 506	6 508
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	66 652	65 056	130 916
Utility and operating recoveries per IFRS income statement	13 439	16 599	26 148
Gross rental income	80 091	81 655	157 064
Administrative cost-to-income ratio (%)	8,4	4,3	4,1

5. GLA vacancy rate

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Gross lettable area of vacant space	4 408	6 653	4 569
Gross lettable area of total property portfolio	60 049	57 857	60 049
GLA vacancy rate (%)	7,3	11,5	7,6

6. Cost of debt

	Six months 31 August 2024 %	Six months 31 August 2023 %	Year ended 29 February 2024 %
<i>Variable interest-rate borrowings</i>			
Floating reference rate plus weighted average margin	10,27	10,38	10,33
Pre-adjusted weighted average cost of debt	10,27	10,38	10,33
Adjustments:			
Impact of interest rate derivatives	(0,97)	(1,12)	(1,06)
All-in weighted average cost of debt:	9,30	9,26	9,27

7. Loan-to-value

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Gross debt	470 008	468 010	474 500
<i>Less:</i>			
Cash and cash equivalents	(11 206)	(22 831)	(12 996)
<i>Add/(deduct):</i>			
Derivative financial instruments	(1 127)	(5 703)	(3 621)
Net debt	457 675	439 476	457 883
Total assets – per Statement of Financial Position	1 112 532	1 355 039	1 135 723
<i>Less:</i>			
Derivative financial asset	(1 127)	(5 703)	(3 621)
Cash and cash equivalents	(11 206)	(22 831)	(12 996)
Trade and other receivables	(2 381)	(8 729)	(3 705)
Carrying amount of property-related assets	1 097 818	1 317 776	1 115 400
Loan-to-value (%)	41,7	33,3	41,1

8. Gross initial yield

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Investment properties	1 097 818	1 317 776	1 115 400
Grossed up property value	1 097 818	1 317 776	1 115 400
Property income			
Contractual cash rentals for 12 months forward	133 265	126 715	134 026
Annualised net rental	133 265	126 715	134 026
Net initial yield	12,1	9,62	12,02

9. Property disclosures

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

Property name	Physical address	Sector	Weighted average rental per m ² (R/m ²)	Rentable area (GLA) m ²	Vacancy (% GLA)	Valuation as at 31 August 2024 R'000
JSE Building	One Exchange Square, 2 Gwen Lane, Sandown, 2196 Gauteng	Office	*	18 533,0	–	529 697
24 Central	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Mixed use (mainly office and retail)	109,08	16 525,6	7,3%**	268 546
Linbro Business Park	Portion 3 and 4 of Erf 9 Frankenwald Extension 3 Township (Linbro Business Park)	Industrial	*	13 713,0	–	200 517
Crown Mines	Erven 1 and 2 Crown City Extension 1	Industrial	*	11 277,0	–	99 058
Total			188,09	60 048,6	7,3%	1 097 818

* As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the weighted average rental per m² as at 31 August 2024 has been included in the weighted average rental per m² for the Group.

** of total m²

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

Analysis of the properties

An analysis of the properties in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as at 31 August 2024 is provided in the tables below.

Lease expiry profile

GLA	TOTAL	Mixed use	Office	Industrial	Storage
Vacant	4 407,9	1 454,3	-	-	2 953,5
Feb 2025	1 749,3	1 749,3	-	-	-
Feb 2026	857,0	663,0	-	-	194,0
Feb 2027	7 048,5	7 048,5	-	-	-
Feb 2028	946,0	946,0	-	-	-
Feb 2029	350,0	350,0	-	-	-
> Feb 2029	44 690,0	1 167,0	18 533,0	24 990,0	-

Gross rental as a percentage of total gross income	TOTAL %	Mixed use %	Office %	Industrial %	Storage %
Vacant	2,5	1,3	-	-	1,2
Feb 2025	2,4	2,4	-	-	-
Feb 2026	2,1	2,0	-	-	0,2
Feb 2027	7,1	7,1	-	-	-
Feb 2028	1,1	1,1	-	-	-
Feb 2029	0,6	0,6	-	-	-
> Feb 2029	84,3	1,3	61,9	21,1	-

Geographic profile

All of the properties are located in Gauteng.

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m ²
Sectoral profile				
Office	30,9	61,9	0,0	18 533,0
Mixed use (retail and office)	22,6	15,7	2,7	13 572,1
Industrial	41,6	21,1	0,0	24 990,0
Mixed use (storage)	4,9	1,4	4,6	2 953,5
Total	100,0	100,0	7,3	60 048,6

	GLA m ²	GLA %	Gross rental for period ended 31 August 2024 R'000
Tenant profile			
A	49 975,2	83,2	59 898
B	888,9	1,5	2 376
C	4 776,7	8,0	4 361
Vacant	4 407,9	7,3	–
	60 048,6	100,0	66 635

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

- A. Large international and national tenants, large listed tenants, government and major franchisees. These are the JSE Limited, Vida E Café Proprietary Limited, TLS South Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Boo Out of Home Media Proprietary Limited, Hellermann Tyton Proprietary Limited and Bidvest – Bidvest Afcom Proprietary Limited.
- B. National tenants, smaller listed tenants, franchisees and medium to large professional firms. These are Solo – Ndlondlobala Holdings Proprietary Limited and Saudi Arabian Airlines Inc.
- C. Other local tenants and sole proprietors. These are Cocoon Lounge CC, ATM Solutions Proprietary Limited, Greenhouse Sandton Proprietary Limited, Wagyu South Africa Proprietary Limited, Investapp J29 Proprietary Limited, Beer Park Sandton Proprietary Limited, Urban Retail Assets Proprietary Limited.

Top 10 tenants by gross rental revenue

Tenant	Sector	Gross rental revenue for the 31 August 2024 period R'000
JSE	Office	*
Hellermann Tyton	Industrial	*
Bidvest	Industrial	*
Top three tenants		55 081
CCI South Africa	Mixed use (retail and office)	2 881
Boo! Out Of Home Media	Mixed use (retail and office)	1 785
Solo Restaurant	Mixed use (retail and office)	1 055
Monarch and Roadhouse	Mixed use (retail and office)	937
TLS	Mixed use (retail and office)	814
Greenhouse	Mixed use (retail and office)	669
BOA	Mixed use (retail and office)	622
Total (before impact of straight lining)		63 844

* 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.

Property valuation

The valuation of the properties at 31 August 2024 is a directors' valuation taking into account the independent valuation determined at 29 February 2024 adjusted by the directors as considered appropriate.

The valuations of the properties at 29 February 2024, based on the discounted cash flow of future income stream method, were performed by an independent valuer, Shawn Crous, of Broll Valuation and Advisory Services (Pty) Ltd, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

The detail of the values is stipulated in the tables below:

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
JSE Building			
Portion 25 of Erf 7 Sandown Johannesburg, South Africa			
– Purchase price	18 070	18 070	18 070
– Fair value adjustment	480 528	614 540	493 917
– Straight-line of lease asset	28 452	52 465	41 043
– Lease incentive	2 647	5 293	3 970
	529 697	690 368	557 000
24 Central (mainly office and retail)			
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng			
– Purchase price	238 000	238 000	238 000
– Fair value adjustment	6 958	76 137	6 958
– Straight-line of lease asset	4 870	5 748	5 070
– Capitalised expenditure	18 719	12 188	12 372
	268 546	332 073	262 400
Linbro Park			
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)			
– Purchase price	127 858	127 858	127 858
– Fair value adjustment	32 320	39 685	32 320
– Straight-line of lease asset	11 073	9 944	8 604
– Capitalised expenditure	29 266	12 068	28 518
	200 517	189 555	197 300
Crown Mines			
Erven 1 and 2 Crown City, Extension 1			
– Purchase price	85 044	85 044	85 044
– Fair value adjustment	4 925	12 438	4 925
– Straight-line of lease asset	9 089	8 298	8 731
	99 058	105 780	98 700

	Six months 31 August 2024 R'000	Six months 31 August 2023 R'000	Year ended 29 February 2024 R'000
Fair value of investment property for accounting purposes			
Opening fair value of property assets	1 115 400	1 382 000	1 382 000
Gross fair value adjustment on investment property	(13 389)	(70 000)	(274 680)
Improvements to investment properties	7 199	10 053	34 415
Additions to fixtures and fittings	-	7 664	30
Depreciation	(105)	(93)	(187)
Straight-line lease asset and lease incentive movement	(11 288)	(11 848)	(26 178)
Property valuation	1 097 818	1 317 776	1 115 400
Less: Straight-line lease income adjustment	(53 484)	(76 455)	(63 448)
Less: Lease incentive receivable	(2 647)	(5 293)	(3 970)
Closing fair value of property assets	1 041 687	1 236 028	1 047 982

At 29 February 2024, the key assumptions and unobservable inputs used by the Company in determining fair value were as set out below. These assumptions were based on market conditions as of 29 February 2024 and which assumptions are still believed to be appropriate at 31 August 2024.

	Mixed use %	Office %	Industrial %
Discount rate	13,75%	12,75%	13,38%
Exit capitalisation rate	9,50%	8,50%	9,25%
Initial vacancy	27,13%	0,00%	0,00%
Growth rate	3,60%	3,70%	4,00%

Other property disclosures

	Average rental escalation %	Average lease length period in years at period end	Gross rental for the 31 August 2024 period R'000	Acquisition date of property
Sectoral profile				
JSE Building (office)	5,75	6,3	*	3 February 2016
24 Central (Mixed use)	6,75	2,4	10 401	3 February 2016
Linbro Business Park (Industrial)		9,3	*	28 February 2017
Crown Mines (Industrial)	7,5	5,3	*	28 February 2017

* As the JSE building, Linbro Park and Crown Mines are single tenanted buildings in the property portfolio, the gross rental income for the period for these three properties is R55,08 million in total.

The average rental escalation based on rentable area is 6,7%.