

## 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")



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

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### 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 18,163 m<sup>2</sup> of gross lettable area ("GLA") and an adjoining mixed-use property known as 24 Central, which has 16,030 m<sup>2</sup> of GLA. The third property is situated in Linbro Business Park which has 12,387 m<sup>2</sup> of GLA and the fourth property in Crown Mines which has 11,277 m<sup>2</sup> of GLA. The combined valuation of these properties, undertaken by the directors as at 31 August 2023 was R1,318 billion.

#### STRATEGY

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

#### COMMENTARY ON RESULTS

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

Revenue for the six months ended 31 August 2023 was R68,9 million, an increase of 15,6% compared to the same period in FY2023, and operating profit before fair value adjustments was R48,9 million (up 14,3%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive loss for the period was R42,1 million (H1 FY2023 profit: R37,0 million), representing a loss of 42,117 cents per share ("cps") (H1 FY2023 profit: 37,031 cps).

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

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

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

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

#### Interim dividend

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

## 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 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>(Loss)/Profit per IFRS statement of comprehensive income (SOI)</b>	<b>(42 117)</b>	37 031	130 652
<i>Adjusted for:</i>			
Accounting/ specific adjustments:	<b>82 297</b>	(5 864)	(63 457)
- Fair value adjustment to investment properties	70 000	-	(65 873)
- Fair value impact of straight-lining and incentives on operating leases	11 848	8 895	18 028
- Fair value adjustments on derivative financial instruments for hedging	449	(14 759)	(15 612)
<b>FFO</b>	<b>40 180</b>	31 167	67 195
<b>Number of shares outstanding at end of period ('000)</b>	<b>100,000</b>	100 000	100 000
<b>FFOPS</b>	<b>40,18</b>	31,17	67,19
<b>Dividend per share</b>	<b>35,00</b>	25,00	67,19
-Interim dividend per share (declared October 2023 / October 2022)	35,00	25,00	25,00
-Final dividend per share (declared May 2023)	-	-	42,19

## Net asset value

Newpark's net asset value per share as at 31 August 2023 was R8,16, a decrease of 8,62% from R8,93 as at 28 February 2023.

## Sectoral split, lease expiry profile & vacancies

<b>SECTORAL SPLIT</b>		
Based on:	GLA	Gross Rentals
Mixed use (retail and office)	22,6%	14,2%
Mixed use (storage)	5,1%	2,1%
Office	31,4%	61,6%
Industrial	40,9%	22,1%
	<b>100,0%</b>	<b>100,0%</b>
<b>LEASE EXPIRY PROFILE &amp; VACANCIES</b>		
Based on:	GLA	Gross Rentals
Vacant	11.5%	4.8%
Feb 2024	0.1%	0.3%
Feb 2025	3.3%	2.3%
Feb 2026	32.3%	63.2%
Feb 2027	11.5%	6.9%
Feb 2028	0.0%	0.0%
> Feb 2028	41.3%	22.5%
	<b>100,0%</b>	<b>100,0%</b>

The lease for Newpark's largest single tenant, the JSE, has an expiry date in August 2025 and represents 97% of the 32,3% GLA lease expiry percentage for February 2026 financial year.

During the past 12 months, the leases with both industrial tenants have been extended for longer terms, resulting in a reduced tenancy or vacancy risk and a significant improvement in the company's lease expiry profile.

## Funding

<b>Facilities</b>	<b>Amount R'000</b>	<b>Margin</b>
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%
<b>TOTAL</b>	<b>500 000</b>	

The Group's facilities from Rand Merchant Bank, totalling R500 million, are subject to the following covenant measures, all of which have been met as of 31 August 2023:

Interest cover ratio measured as EBITDA : Net Interest Charged:

- Covenant required >1,6 times
- Actual measurement on 31 August 2023 = 2,4 times (headroom in EBITDA of R16,1 million)

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

- Covenant required >1,7 times
- Actual measurement on 31 August 2023 = 2,7 times (headroom of R20,4 million)

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

- Covenant required <45%
- Actual measurement on 31 August 2023 = 33,8% (headroom of R147,8 million)

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

- Covenant required <40%
- Actual measurement on 31 August 2023 = 35,5% (headroom of R59,1 million)

## Hedging

<b>Hedge instruments</b>	<b>Amount R'000</b>	<b>Hedges of 3-month JIBAR base-rate</b>
Hedge 6: rate swap – to start 2022/6/01 / expires 2024/6/01	135 000	7,99%
Hedge 8: Rate swap forward – to start 2022/6/1 / expires 2024/11/29	150 000	5,19%
<b>Weighted average hedge base rate at 31 August 2023 – 6,52%</b>		

As at 31 August 2023, 60,9% of Newpark's drawn debt exposure was hedged with two interest rate swaps which mature in 2024. The level of hedging varies depending on the level of utilisation of the R50 million revolving credit facility, with the minimum hedge ratio being 57,0% 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 2023 was 9,258% (8,959% at 28 February 2023) and the weighted average term to maturity for the hedges was 1,0 year. The weighted average maturity of the outstanding facilities as at 31 August 2023 was 2,74 years.

## Summary of financial position and performance

	<b>31 August 2023</b>	<b>31 August 2022</b>	<b>28 February 2023</b>
Shares in issue	100,000,001	100,000,001	100,000,001
Net asset value per share <i>(after adjustment for any proposed dividend that is to be paid for the period)</i>	R8,16	R8,43	R8,93
Loan-to-value ratio *	33,3%	33,5%	30,9%
Distributable earnings per share **	40,18	31,17	67,19
Gross property operating expense ratio***	20,1%	20,5%	21,3%

\*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 2023 and 2022 and year ended 28 February 2023.

\*\*\* for the six months period ended 31 August 2023 and 2022 and year ended 28 February 2023.

## Outlook

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

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

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

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

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2023 (R'000)	Unaudited 31 August 2022 (R'000)	Audited 28 February 2023 (R'000)
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	1 236 028	1 222 292	1 288 404
Straight-line lease asset	76 455	94 789	86 979
Lease incentive	2 646	5 293	3 970
Derivative financial instruments	5 703	5 299	6 152
	<b>1 320 832</b>	<b>1 327 673</b>	<b>1 385 505</b>
<b>Current Assets</b>			
Trade and other receivables	8 729	6 111	5 483
Lease incentive	2 647	2 647	2 647
Cash and cash equivalents	22 831	3 753	16 618
<b>Total Current Assets</b>	<b>34 207</b>	<b>12 511</b>	<b>24 748</b>
<b>Total Assets</b>	<b>1 355 039</b>	<b>1 340 184</b>	<b>1 410 253</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	619 918	619 918	619 918
Reserves	180 412	180 412	180 412
Retained income	56 785	72 476	141 097
	<b>857 115</b>	<b>872 806</b>	<b>941 427</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Bank borrowings	468 010	150 000	450 000
Derivative financial instruments	-	-	-
	<b>468 010</b>	<b>150 000</b>	<b>450 000</b>
<b>Current liabilities</b>			
Current portion of bank borrowings	-	300 000	-
Trade and other payables	29 914	17 378	18 826
<b>Total Current Liabilities</b>	<b>29 914</b>	<b>317 378</b>	<b>40 414</b>
<b>Total Liabilities</b>	<b>497 924</b>	<b>467 378</b>	<b>491 768</b>
<b>Total Equity and Liabilities</b>	<b>1 355 039</b>	<b>1 340 184</b>	<b>1 352 792</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months 31 August 2023 (R'000)	Unaudited Six months 31 August 2022 (R'000)	Audited Year ended 28 February 2023 (R'000)	
Revenue	68 753	59 464	126 671	
Property operating expenses	(16 385)	(14 019)	(30 821)	
Administrative expenses	(3 506)	(2 681)	(7 292)	
<b>Operating profit before fair value adjustments</b>	<b>48 862</b>	<b>42 764</b>	<b>88 558</b>	
Net gain from fair value adjustment on investment property	(70 000)	-	65 873	
Net changes in fair value of financial instruments at fair value through profit or loss	(449)	14 759	15 612	
<b>Operating profit</b>	<b>(21 587)</b>	<b>57 523</b>	<b>170 043</b>	
Finance income	756	229	628	
Finance costs	(21 286)	(20 721)	(40 019)	
<b>(Loss)/Profit before taxation</b>	<b>(42 117)</b>	<b>37 031</b>	<b>130 652</b>	
Taxation	-	-	-	
<b>(Loss)/Profit for the period</b>	<b>(42 117)</b>	<b>37 031</b>	<b>130 652</b>	
Other comprehensive income	-	-	-	
<b>Total comprehensive income</b>	<b>(42 117)</b>	<b>37 031</b>	<b>130 652</b>	
<b>Earnings per share information (cents per share)</b>				
Basic (loss)/earnings per share	note 4	(42,12)	37,03	130,65
Diluted (loss)/earnings per share	note 4	(42,12)	37,03	130,65
Headline earnings per share.	note 4	27,88	37,03	64,78

## 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)
<b>Audited</b>						
<b>Balance at 1 March 2022</b>	<b>625 000</b>	<b>(5 082)</b>	<b>619 918</b>	<b>180 412</b>	<b>60 694</b>	<b>861 024</b>
Profit for the period	-	-	-	-	130 652	130 652
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(50 249)	(50 249)
<b>Balance at 1 March 2023</b>	<b>625 000</b>	<b>(5 082)</b>	<b>619 918</b>	<b>180 412</b>	<b>141 097</b>	<b>941 427</b>
<b>Unaudited</b>						
Loss for the period	-	-	-	-	(42 117)	(42 117)
Dividend distributions to owners of company recognised directly in equity	-	-	-	-	(42 195)	(42 195)
<b>Balance at 31 August 2023</b>	<b>625 000</b>	<b>(5 082)</b>	<b>619 918</b>	<b>180 412</b>	<b>56 785</b>	<b>857 115</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited Six months 31 August 2023 (R'000)	Unaudited Six months 31 August 2022 (R'000)	Audited Year ended 28 February 2023 (R'000)
<b>Cash flows from operating activities</b>			
Cash generated from operations	68 645	38 644	95 745
Finance income	756	229	628
Finance costs	(21 286)	(20 721)	(40 019)
<b>Net cash generated from operating activities</b>	<b>48 115</b>	<b>18 152</b>	<b>56 354</b>
<b>Cash flows from investing activities</b>			
Purchase of furniture and fittings	(7 664)	(11)	(347)
Improvements to investment properties	(10 053)	-	-
<b>Net cash utilised by investing activities</b>	<b>(17 717)</b>	<b>(11)</b>	<b>(347)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(42 195)	(25 249)	(50 249)
Bank borrowings advanced	18 010	-	-
<b>Net cash utilised by financing activities</b>	<b>(24 185)</b>	<b>(25 249)</b>	<b>(50 249)</b>
<b>Total cash and cash equivalent movement for the period</b>	<b>6 213</b>	<b>(7 108)</b>	<b>5 758</b>
Cash and cash equivalents at beginning of period	16 618	10 860	10 860
<b>Total cash and cash equivalents at end of period</b>	<b>22 831</b>	<b>3 752</b>	<b>16 618</b>
<b>Additional info on cash flow:</b>			
Cash generated from operations before working capital changes	60 804	51 753	106 778
Working capital changes	7 841	(13 109)	(11 033)
<b>Cash generated from operations</b>	<b>68 645</b>	<b>38 644</b>	<b>95 745</b>

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

The interim unaudited consolidated financial statements for the six months ended 31 August 2023 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 International Financial Reporting 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 previous consolidated annual financial statements.

The interim unaudited 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 interim 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 2023, the group is organised into four main operating segments:

- Mixed-use (office and retail)
- Mixed-use (storage)
- Office
- Industrial

The segment information provided to EXCO for the operating segments for the period ended 31 August 2023 has been provided below.

<b>Six months ended 31 August 2023 (unaudited)</b>	<b>Mixed use (retail and office ) (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>Head Office (R'000)</b>	<b>Total (R'000)</b>
Revenue	25 310	28 137	15 305	-	<b>68 752</b>
Property operating expenses	(14 851)	(6)	(1 434)	-	<b>(16 291)</b>
Administrative expenses	-	-	-	(3 506)	<b>(3 506)</b>
Depreciation	(93)	-	-	-	<b>(93)</b>
<b>Operating profit before fair value adjustments</b>	<b>10 366</b>	<b>28 131</b>	<b>13 871</b>	<b>(3 506)</b>	<b>48 862</b>

<b>Year ended 28 February 2023 (audited)</b>	<b>Mixed use (retail and office) (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>Head Office (R'000)</b>	<b>Total (R'000)</b>
Revenue	39 338	56 410	30 923	-	126 671
Property operating expenses	(24 356)	(2 169)	(4 104)	-	(30 629)
Administrative expenses	-	-	-	(7 292)	(7 292)
Depreciation	(192)	-	-	-	(192)
<b>Operating profit before fair value adjustments</b>	<b>14 790</b>	<b>54 241</b>	<b>26 819</b>	<b>(7 292)</b>	<b>88 558</b>

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.

<b>31 August 2023 (unaudited)</b>	<b>Mixed use (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>General (R'000)</b>	<b>Total (R'000)</b>
Investment property	326 324	632 611	277 093	-	1 236 028
Straight-line lease asset	5 748	52 465	18 242	-	76 455
Lease incentive	-	5 293	-	-	5 293
Derivative financial instruments	-	-	-	5 703	5 703
Trade & other receivables	4 840	3 209	680	-	8 729
Cash & cash equivalents	2 134	-	188	20 509	22 831
<b>Total assets</b>	<b>339 046</b>	<b>693 578</b>	<b>296 203</b>	<b>26 212</b>	<b>1 355 039</b>



<b>28 February 2023 (audited)</b>	<b>Mixed use (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>General (R'000)</b>	<b>Total (R'000)</b>
Investment property	320 070	702 611	265 723	-	1 288 404
Straight-line lease asset	5 929	60 773	20 277	-	86 979
Lease incentive	-	6 617	-	-	6 617
Derivative financial instruments	-	-	-	6 152	6 152
Trade & other receivables	4 351	1 095	37	-	5 483
Cash & cash equivalents	-	-	170	16 448	16 618
<b>Total assets</b>	<b>330 350</b>	<b>771 096</b>	<b>286 207</b>	<b>22 600</b>	<b>1 410 253</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. These liabilities are allocated based on the operations of the segment.

<b>31 August 2023 (unaudited)</b>	<b>Mixed use (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>General (R'000)</b>	<b>Total (R'000)</b>
Bank borrowings	-	-	-	468 010	468 010
Trade and other payables	4 413	12 697	130	12 674	29 914
<b>Total liabilities</b>	<b>4 413</b>	<b>12 697</b>	<b>130</b>	<b>480 684</b>	<b>497 924</b>

<b>28 February 2023 (audited)</b>	<b>Mixed use (R'000)</b>	<b>Office (R'000)</b>	<b>Industrial (R'000)</b>	<b>General (R'000)</b>	<b>Total (R'000)</b>
Bank borrowings	-	-	-	450 000	450 000
Trade and other payables	5 391	1 197	675	11 563	18 826
<b>Total liabilities</b>	<b>5 391</b>	<b>1 197</b>	<b>675</b>	<b>461 563</b>	<b>468 826</b>

### 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, as well as a downward fair value adjustment, which was determined to be appropriate by the directors', for the period. (six months ended 31 August 2022: R nil).

	<b>Unaudited 31 August 2023 (R'000)</b>			<b>Audited 28 February 2023 (R'000)</b>		
	<b>Cost/ Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>	<b>Cost/ Valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying value</b>
Investment property	1 225 749	-	1 225 749	1 285 696	-	1 285 696
Furniture and fittings	13 458	(3 179)	10 279	5 794	(3 086)	2 708
<b>Total</b>	<b>1 239 207</b>	<b>(3 179)</b>	<b>1 236 028</b>	<b>1 291 490</b>	<b>(3 086)</b>	<b>1 288 404</b>

#### Reconciliation of investment properties – 1 March 2023 to 31 August 2023

	<b>Opening balance</b>	<b>Additions</b>	<b>Fair value adjustments</b>	<b>Depreciation</b>	<b>Closing balance</b>
Investment property	1 285 696	10 053	(70 000)	-	1 225 749
Furniture and fittings	2 708	7 664	-	(93)	10 279
<b>Total</b>	<b>1 288 404</b>	<b>17 717</b>	<b>(70 000)</b>	<b>(93)</b>	<b>1 236 028</b>

#### Reconciliation of investment properties – 1 March 2022 to 28 February 2023

	<b>Opening balance</b>	<b>Additions</b>	<b>Fair value adjustments</b>	<b>Depreciation</b>	<b>Closing balance</b>
Investment property	1 219 823	-	65 873	-	1 285 696
Furniture and fittings	2 553	347	-	(192)	2 708
<b>Total</b>	<b>1 222 376</b>	<b>347</b>	<b>65 873</b>	<b>(192)</b>	<b>1 288 404</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.

	31 August 2023 (R'000)	28 February 2023 (R'000)
<b>JSE Building</b>		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
-Purchase price	18 070	18 070
-Fair value adjustment	614 540	684 540
-Straight-line of lease asset	52 465	60 773
-Lease-incentive	5 293	6 617
	<b>690 368</b>	<b>770 000</b>
<b>24 Central</b>		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
-Purchase price	238 000	238 000
-Fair value adjustment	76 137	76 137
-Straight-line of lease asset	5 748	5 929
-Net capitalised expenditure	12 188	5 934
	<b>332 073</b>	<b>326 000</b>
<b>Linbro Park</b>		
Portion 3 of Erf 9 Frankenwald Ext3 Johannesburg, South Africa		
-Purchase price	127 858	127 858
-Fair value adjustment	39 685	39 685
-Straight-line of lease asset	9 944	12 760
-Net capitalised expenditure	12 068	698
	<b>189 555</b>	<b>181 000</b>
<b>Crown Mines</b>		
Erven 1 and 2 Crown City Extension 1		
-Purchase price	85 044	85 044
-Fair value adjustment	12 438	12 438
-Straight-line of lease asset	8 298	7 518
	<b>105 780</b>	<b>105 000</b>
	31 August 2023 (R'000)	28 February 2023 (R'000)
<b>Fair value of investment property for accounting purposes</b>		
Opening fair value of property assets	1 382 000	1 334 000
Gross fair value adjustment on investment property	(70 000)	65 873
Improvements to investment properties	10 053	347
Additions to furniture and fittings	7 664	-
Depreciation	(93)	(192)
Straight-line lease asset and lease incentive movement	(11 848)	(18 028)
<b>Property valuation</b>	<b>1 317 776</b>	<b>1 382 000</b>
Less: straight-line lease income adjustment	(76 455)	(86 979)
Less: lease incentive receivable	(5 293)	(6 617)
<b>Closing carrying value of property assets</b>	<b>1 236 028</b>	<b>1 288 404</b>

### Securities

Mortgage bonds at a nominal value of R500 000 000 (February 2023: R500 000 000) have been registered over investment properties with a fair value of R1 236 027 795 (February 2023: R1 288 404 138) as security for interest bearing liabilities.

### Details of valuation

The valuation of the properties at 31 August 2023 is a directors' valuation taking into account the independent valuation determined at 28 February 2023 adjusted by the directors as considered appropriate.

The valuations of the properties at 28 February 2023, based on the discounted cash flow of future income stream method, were performed by 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.

At 28 February 2023, 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 28 February 2023 and which assumptions are still believed to be appropriate at 31 August 2023.

<b>(all rates are expressed as percentage per annum)</b>	<b>Mixed use</b>	<b>Office</b>	<b>Industrial</b>
Discount rate	15,25%	15,25%	15,25%
Exit capitalisation rate	10,25%	10,25%	10,25%
Capitalised rate	9,75%	8,50%	9,25%
Growth rate	8,56%	4,51%	3,92%

### 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 property, 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 28 February 2023 still pertain at 31 August 2023, subject to adjustments made by the directors to take into account revised rental expectations and specific items such as capital expenditure.

## 4. EARNINGS PER SHARE

	Unaudited Six months 31 August 2023	Unaudited 6 months 31 August 2022	Audited Year ended 28 February 2023
<b>Basic earnings per share</b>			
Profit attributable to shareholders (R'000)	(42 117)	37 031	130 652
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
<b>Basic earnings per share (cents per share)</b>	<b>(42,12)</b>	<b>37,03</b>	<b>130,65</b>
<b>Diluted earnings per share</b>			
There are no dilutive instruments in issue			
Profit attributable to shareholders (R'000)	(42 117)	37 031	130 652
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
<b>Basic diluted earnings per share (cents per share)</b>	<b>(42,12)</b>	<b>37,03</b>	<b>130,65</b>
<b>Headline earnings per share</b>			
Profit attributable to shareholders (R'000)	(42 117)	37 031	130 652
Adjusted for:			
Change in fair value of investment property and tax thereof (R'000)	70 000	-	(65 873)
	<b>27 883</b>	<b>37 031</b>	<b>64 779</b>
Weighted average number of ordinary shares in issue ('000)	100 000	100 000	100 000
<b>Headline earnings per share (cents per share) (from continuing operations)</b>	<b>27,88</b>	<b>37,03</b>	<b>64,78</b>

The weighted average number of shares has been calculated as 100 000 001 (2023: 100 000 001) weighted for the period to 31 August 2023, 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 35,0000 cents per share for the six months ended 31 August 2023.

The dividend is payable to Newpark's shareholders in accordance with the timetable set out below:	2023
Last date to trade <i>cum</i> dividend:	Tuesday, 24 October
Shares trade <i>ex</i> dividend:	Wednesday, 25 October
Record date:	Friday, 27 October
Payment date:	Monday, 30 October

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

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

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

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

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

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 28,0000 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

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

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

Shares in issue at the date of declaration of dividend: 100,000,001  
Newpark's income tax reference number: 9506934174.

## 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 and available liquidity facilities amounting to R50 million.

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 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 2023 (R'000)	Six months 31 August 2022 (R'000)	Year ended 28 February 2023 (R'000)
<b>Professional services</b> – Capensis Real Estate (Pty) Ltd (SP Fifield is a director)	-	250	333
<b>Professional services</b> – Tygon Capital (Pty) Ltd (AF Benatar is a director)	175	-	117
<b>Professional services</b> – Azalea Capital (Pty) Ltd (AJ Wilson is a director)	255	150	370
<b>Professional services</b> – Renlia Developments (Pty) Ltd (BD van Wyk is a director)	905	-	824

By order of the board  
**Auri Benatar**  
 Chief Executive Officer

**Alan Wilson**  
 Financial Director

**Johannesburg**  
 4 October 2023

### DIRECTORS

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

\* Non-executive director

\*\* Independent non-executive director

### REGISTERED OFFICE

51 West Street, Houghton, Gauteng, 2198  
 P O Box 3178, Houghton, Gauteng, 2041

### WEBSITE

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

### COMPANY SECRETARY

Bronwyn Baker

### TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

### DESIGNATED ADVISOR

Java Capital

### DATE OF PUBLICATION

5 October 2023

## ANNEXURE 1

### SA REIT ASSOCIATION BEST PRACTICE GUIDELINES DISCLOSURES FOR THE SIX MONTHS ENDED 31 AUGUST 2023

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 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>(Loss)/Profit per IFRS statement of comprehensive income</b>	<b>(42 117)</b>	<b>37 031</b>	<b>130 652</b>
<i>Adjusted for:</i>			
Accounting/ specific adjustments:	<b>82 297</b>	<b>(5 864)</b>	<b>(63 457)</b>
- Fair value adjustment to investment property	70 000	-	(65 873)
- Straight-line and incentive operating leases adjustment	11 848	8 895	18 028
- Fair value adjustments on derivative financial instruments for hedging	449	(14 759)	(15 612)
<b>FFO</b>	<b>40 180</b>	<b>31 167</b>	<b>67 195</b>
<b>Number of shares outstanding at end of period ('000)</b>	<b>100,000</b>	<b>100 000</b>	<b>100 000</b>
<b>FFO per share (cents)</b>	<b>40,18</b>	<b>31,17</b>	<b>67,19</b>
<b>Dividend per share (cents)</b>	<b>35,00</b>	<b>25,00</b>	<b>67,19</b>
-Interim dividend per share (cents)	35,00	25,00	25,00
-Final dividend per share (cents)			42,19

#### Reconciliation between Cash from operations and FFO

<b>FFO</b>	<b>40 180</b>	<b>31 167</b>	<b>67 195</b>
<i>Adjustments</i>			
Working capital adjustment			
Trade receivables	(3 246)	1 821	2 449
Trade payables	11 088	(14 930)	(13 482)
Impairment of trade receivables	-	-	-
Depreciation of property plant and equipment	93	94	192
<b>Net cash from operating activities</b>	<b>48 115</b>	<b>18 152</b>	<b>56 354</b>

**2. Net Asset Value ( NAV)**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
Reported NAV attributable to the shareholders	857 115	872 806	941 427
<i>Adjustments:</i>			
Dividend to be declared	(35 000)	(25 000)	(42 195)
Fair value of derivative financial instruments	(5 703)	(5 299)	(6 152)
<b>NAV</b>	<b>816 412</b>	<b>842 507</b>	<b>893 080</b>
<b>Shares outstanding</b>			
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
<b>NAV per share (R)</b>	<b>8,16</b>	<b>8,43</b>	<b>8,93</b>

**3. Cost to income**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>Expenses</b>			
Operating expenses per IFRS income statement (includes municipal expenses)	16 385	14 019	30 821
<b>Operating costs</b>	<b>16 385</b>	<b>14 019</b>	<b>30 821</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining)	65 056	58 903	124 716
Utility and operating recoveries per IFRS income statement	16 599	9 455	19 983
<b>Gross rental income</b>	<b>81 655</b>	<b>68 358</b>	<b>144 700</b>
<b>Cost-to-income ratio (%)</b>	<b>20,1</b>	<b>20,5</b>	<b>21,3</b>



**4. Administrative cost-to-income ratio**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>Expenses</b>			
Administrative expenses as per IFRS income statement	3 506	2 681	7 292
<b>Administrative costs</b>	<b>3 506</b>	<b>2 681</b>	<b>7 292</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining)	65 056	58 903	124 716
Utility and operating recoveries per IFRS income statement	16 599	9 455	19 983
<b>Gross rental income</b>	<b>81 655</b>	<b>68 358</b>	<b>144 700</b>
<b>Administrative cost-to-income ratio (%)</b>	<b>4,3</b>	<b>3,9</b>	<b>5,0</b>

**5. GLA vacancy rate**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
Gross lettable area of vacant space	6 653	5 502	6 170
Gross lettable area of total property portfolio	57 857	57 468	57 883
<b>GLA vacancy rate (%)</b>	<b>11,5</b>	<b>9,6</b>	<b>10,7</b>

**6. Cost of debt**

	Six months 31 August 2023 %	Six months 31 August 2022 %	Year ended 28 February 2023 %
<i>Variable interest-rate borrowings</i>			
Floating reference rate plus weighted average margin	10,38	7,86	9,55
<b>Pre-adjusted weighted average cost of debt</b>	<b>10,38</b>	<b>7,86</b>	<b>9,55</b>
<b>Adjustments:</b>			
Impact of interest rate derivatives	(1,12)	0,47	(0,59)
<b>All-in weighted average cost of debt:</b>	<b>9,26</b>	<b>8,33</b>	<b>8,96</b>

**7. Loan-to-value**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
Gross debt	468 010	450 000	450 000
<i>Less:</i>			
Cash and cash equivalents	(22 831)	(3 753)	(16 618)
<i>Add/(deduct):</i>			
Derivative financial instruments	(5 703)	(5 299)	(6 152)
<b>Net debt</b>	<b>439 476</b>	<b>440 948</b>	<b>427 230</b>
Total assets – per Statement of Financial Position	1 355 039	1 340 184	1 410 253
<i>Less:</i>			
Derivative financial asset	(5 703)	(5 299)	(6 152)
Cash and cash equivalents	(22 831)	(3 753)	(16 618)
Trade and other receivables	(8 729)	(6 111)	(5 483)
<b>Carrying amount of property-related assets</b>	<b>1 317 776</b>	<b>1 325 021</b>	<b>1 382 000</b>
<b>Loan-to-value (%)</b>	<b>33,3</b>	<b>33,3</b>	<b>30,9</b>

**8. Gross initial yield**

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
Investment properties	1 317 776	1 325 021	1 382 000
<b>Grossed up property value</b>	<b>1 317 776</b>	<b>1 325 021</b>	<b>1 382 000</b>
<b>Property income</b>			
Contractual cash rentals for 12 months forward	126 715	122 988	127 263
<b>Annualised net rental</b>	<b>126 715</b>	<b>122 988</b>	<b>127 263</b>
<b>Net initial yield</b>	<b>9,62</b>	<b>9,30</b>	<b>9,21</b>

## 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 <sup>2</sup> (R/m <sup>2</sup> )	Rentable area (GLA) m <sup>2</sup>	Vacancy (% GLA)	Valuation as at 31 August 2023 R'000
<b>JSE Building</b>	One Exchange Square, 2 Gwen Lane, Sandown, 2196 Gauteng	Office	*	18 163,00	–	760 368
<b>24 Central</b>	6 Gwen Lane, Sandown, Sandton, 2196 Gauteng	Mixed use (office, retail and storage)	97,05	16 030,00	11,5%**	332 073
<b>Linbro Business Park</b>	Portion 3 and 4 of Erf 9 Frankenwald Extension 3 Township (Linbro Business Park)	Industrial	*	12 387,00	–	189 555
<b>Crown Mines</b>	Erven 1 and 2 Crown City Extension 1	Industrial	*	11 277,00	–	105 780
<b>Total</b>			<b>188,35</b>	<b>57 857,00</b>	<b>11,5%</b>	<b>1 387 776</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 31 August 2023 has been included in the weighted average rental per m<sup>2</sup> for the Group.

\*\* of total m<sup>2</sup>

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 2023 is provided in the tables below.

### Lease expiry profile

GLA	TOTAL	Mixed use	Office	Industrial	Storage
Vacant	6 652.8	3 920.2	-	-	2 732.5
Feb 2024	58.0	58.0	-	-	-
Feb 2025	1 898.2	1 704.2	-	-	194.0
Feb 2026	18 675.0	512.0	18 163.0	-	-
Feb 2027	6 673.1	6 673.1	-	-	-
Feb 2028	-	-	-	-	-
> Feb 2028	23 900.0	236.0	-	23 664.0	-

Gross rental as a percentage of total gross income	TOTAL %	Mixed use %	Office %	Industrial %	Storage %
Vacant	4.8	2.8	-	-	2.0
Feb 2024	0.3	0.3	-	-	-
Feb 2025	2.3	2.2	-	-	0.1
Feb 2026	63.2	1.6	61.6	-	-
Feb 2027	6.9	6.9	-	-	-
Feb 2028	-	-	-	-	-
> Feb 2028	22.5	0.4	-	22.1	-

### Geographic profile

All of the properties are located in Gauteng.

	Based on GLA %	Based on gross rental %	Vacancy profile based on GLA %	GLA m <sup>2</sup>
<b>Sectoral profile</b>				
Office	31,4	61,6	0,0	18 163,0
Mixed use (retail and office)	22,6	14,2	6,8	13 103,5
Industrial	40,9	22,1	0,0	23 664,0
Mixed use (storage)	5,1	2,1	4,7	2 926,5
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>11,5</b>	<b>57 857,0</b>

	GLA m <sup>2</sup>	GLA %	Gross rental for period ended 31 August 2023 R'000
<b>Tenant profile</b>			
A	48 264.0	83,4	59 944
B	737.9	1,3	1 341
C	2 202.3	3,8	2 705
Vacant	6 652.8	11,5	–
	57 857.0	100.0	63 990

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, Saudi Arabian Airlines Inc., Vida E Café Proprietary Limited, MTN Limited, Africa Trading Proprietary Limited (UK and Belgian Visa), CCI South Africa Proprietary Limited, Hellermann Tyton Proprietary Limited and Bidvest Afcom Proprietary Limited.
- B. National tenants, smaller listed tenants, franchisees and medium to large professional firms. This is Solo – Ndlondlobala Holdings Proprietary Limited.
- C. Other local tenants and sole proprietors. These are Juju Lounge CC (Cocoon/ BOA), ATM Solutions Proprietary Limited and AU999 Commodities Proprietary Limited, Greenhouse Sandton Proprietary Limited (Greenhouse), Wagyu South Africa Proprietary Limited (Monarch and Roadhouse).

## Top 10 tenants by gross rental revenue

Tenant	Sector	Gross rental revenue for the 31 August 2023 period R'000
JSE	Office	*
Hellermann Tyton	Industrial	*
Bidvest	Industrial	*
<b>Top three tenants</b>		<b>53 968</b>
CCI South Africa	Mixed use (retail and office)	2 793
Solo Restaurant	Mixed use (retail and office)	1 000
Boo! Out Of Home Media	Mixed use (retail and office)	989
TLS	Mixed use (retail and office)	754
Monarch and Roadhouse	Mixed use (retail and office)	694
Greenhouse	Mixed use (retail and office)	685
BOA	Mixed use (retail and office)	656
<b>Total (before impact of straight lining)</b>		<b>61 539</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.

## Property valuation

The valuation of the properties at 31 August 2023 is a directors' valuation taking into account the independent valuation determined at 28 February 2023 adjusted by the directors as considered appropriate.

The valuations of the properties at 28 February 2023, based on the discounted cash flow of future income stream method, were performed by 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. T

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

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>JSE Building</b>			
Portion 25 of Erf 7 Sandown Johannesburg, South Africa			
– Purchase price	18 070	18 070	18 070
– Fair value adjustment	614 540	628 171	684 540
– Straight-line of lease asset	52 465	69 072	60 773
– Lease incentive	5 293	7 940	6 617
	<b>690 368</b>	<b>723 253</b>	<b>770 000</b>
<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	238 000
– Fair value adjustment	76 137	85 444	76 137
– Straight-line of lease asset	5 748	3 777	5 929
– Capitalised expenditure	12 188	5 695	5 934
	<b>332 073</b>	<b>332 916</b>	<b>326 000</b>
<b>Linbro Park</b>			
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)			
– Purchase price	127 858	127 858	127 858
– Fair value adjustment	39 685	24 208	39 685
– Straight-line of lease asset	9 944	15 272	12 760
– Capitalised expenditure	12 068	698	698
	<b>189 555</b>	<b>168 036</b>	<b>181 000</b>
<b>Crown Mines</b>			
Erven 1 and 2 Crown City, Extension 1			
– Purchase price	85 044	85 044	85 044
– Fair value adjustment	12 438	9 104	12 438
– Straight-line of lease asset	8 298	6 668	7 518
	<b>105 780</b>	<b>100 816</b>	<b>105 000</b>

	Six months 31 August 2023 R'000	Six months 31 August 2022 R'000	Year ended 28 February 2023 R'000
<b>Fair value of investment property for accounting purposes</b>			
Opening fair value of property assets	1 382 000	1 334 000	1 334 000
Gross fair value adjustment on investment property	(70 000)	-	65 873
Improvements to investment properties	10 053	-	-
Additions to fixtures and fittings	7 664	11	347
Depreciation	(93)	(94)	(192)
Straight-line lease asset and lease incentive movement	(11 848)	(8 895)	(18 028)
<b>Property valuation</b>	<b>1 317 776</b>	<b>1 325 021</b>	<b>1 382 000</b>
Less: Straight-line lease income adjustment	(76 455)	(94 789)	(86 979)
Less: Lease incentive receivable	(5 293)	(7 940)	(6 617)
<b>Closing fair value of property assets</b>	<b>1 236 028</b>	<b>1 222 292</b>	<b>1 288 404</b>

At 28 February 2023, 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 28 February 2023 and which assumptions are still believed to be appropriate at 31 August 2023.

	Mixed use %	Office %	Industrial %
Discount rate	15,25%	15,25%	15,25%
Exit capitalisation rate	10,25%	10,25%	10,25%
Capitalised rate	9,75%	8,50%	9,25%
Growth Rate	8,56%	4,51%	3,92%

### Other property disclosures

	Average rental escalation %	Average lease length period in years at period end	Gross rental for the 31 August 2023 period R'000	Acquisition date of property
<b>Sectoral profile</b>				
JSE Building (office)	8,25	2,0	*	3 February 2016
24 Central (Mixed use)	6,40	2,8	10 021	3 February 2016
Linbro Business Park (Industrial)		10,3	*	28 February 2017
Crown Mines (Industrial)	8,40	6,3	*	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 R50 924 million in total.

The average rental escalation based on rentable area is 7,1%.