



Newpark

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS, CASH DIVIDEND AND OUTLOOK for the 12 months ended 29 February 2024



AT A GLANCE

REVENUE

increased to **R130,9** million (UP 3,3%)

FUNDS FROM OPERATIONS

increased to **R81,1** million (UP 20,70%)

TOTAL DIVIDEND

increased to **70,37** cents per share (UP 4,73%)

NET ASSET VALUE PER SHARE

decreased to **R6,03** (DOWN 32,47%)

LOAN-TO-VALUE RATIO

deteriorated to **41,4%** (UP from 30,9%)

HEADLINE EARNINGS PER SHARE

decreased to **52,40** cents (DOWN 19,11%)

EARNINGS PER SHARE

decreased to a loss per share of **222,28** cents (DOWN 270,13%)

NATURE OF BUSINESS

Newpark is a property holding and investment company that holds high-quality commercial and industrial properties.

INVESTMENT 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.

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 533m² of gross lettable area ("GLA") and an adjoining mixed-use property known as 24 Central, which has 16 526m² of GLA. A further property is situated in Linbro Business Park, which has 13 713m² of GLA and the fourth property is situated in Crown Mines and has 11 277m² of GLA. The combined valuations of these properties, prepared by the registered property valuer, are performed annually at the group's year-end. The latest valuation as at 29 February 2024 was R1,12 billion.

COMMENTARY ON RESULTS

Newpark has a loan-to-value ratio of 41,1% (F2023: 30,9%) The loan-to-value ratio was negatively impacted, primarily by a reduction in the value of the JSE property.

The positive impact of the capital investment and extended lease at the Linbro Park property were off-set by the change in valuation of the other properties with the overall result being a fair value decrease of R274,7 million (19,9%) relative to the value of the assets in the previous year. It is noted that the board had determined to rotate valuers and appointed Broll Valuation and Advisory Services (Pty) Ltd to undertake the valuations for the current financial year.

Revenue for the financial year ended 29 February 2024 ("the financial year") was R130,9 million (F2023: R126,7 million), up 3,3%. Operating profit before fair value adjustments was R96,9 million (F2023: R88,6 million), up 9,5% (F2023: up 14,6%). After allowing for fair value adjustments and the net cost of finance, the total comprehensive loss for the financial year was R222,3 million (F2023: profit R130,7 million), down 270,1% (F2023: up 386,0%), representing negative earnings of 222,28 cents per share ("cps") (F2023: positive 130,65cps).

Rental escalations, operating cost efficiencies and improved debtor recoveries resulted in cash generated from operations for the financial year increasing by 31,1% from R95,7 million to R125,5 million.

The board declared a final cash dividend of 35,37 cps (F2023: 42,19 cps). The total dividend for the financial year is 70,37 cps (F2023: 67,19 cps), representing 86,8% of funds from operations ("FFO"), and an increase of 4,72% over the 67,19 cps declared in respect of the prior year (F2023: 100,0% of FFO).

FUNDING

Funding from the revolving credit facility was utilised during the year to finance capital costs for extensions and solar power installations at the Linbro Park and at 24 Central properties, which resulted in greater lettable areas and enhanced income levels at both properties. The board has decided to retain a portion of FFO generated during the year to fund a portion of the capital expenditure.

The increased borrowings arising from capital expenditure coupled with the decrease in property valuations resulted in an increase in the Secured Properties Loan-to-Value ratio to 42,5% at year-end. Whilst the ratio is above the requirement of 40,0% in terms of the group's debt agreements, Newpark's lender has agreed to condone the ratio excess to 31 August 2024, at which date the loan terms will be subject to a further review. All other debt covenants have been met.

Newpark's hedged borrowings are contracted at an average interest rate of 6,52% per annum before banker's average margin of 1,99%, with 60,1% of Newpark's borrowings hedged at year-end. The hedges will mature in June 2024 and November 2024 and Newpark will replace these hedges during the course of the year to ensure that the exposure to interest rate risk is limited appropriately.

OUTLOOK

Newpark will continue to focus on the management of its existing assets with the lease renewal of the JSE property lease a key management priority. 43% of leases by GLA are due to expire in 2026 and 2027, of which the JSE property lease comprises 31%.

The group will remain alert to any potential acquisitions that are in keeping with its stated investment strategy.

The group is budgeting FFOPS for the year ending 28 February 2025 to be between 50,00 and 60,11 cents per share, being a decrease of between 25,9% and 38,4% of FFOPS for the financial year of 81,11 cents. The forecast FFOPS takes into account the impact of a budgeted negative rental reversion on renewal of the JSE property lease.

The dividend per share for the year ended 28 February 2025 is budgeted to be in line with the FFOPS for that year.

The forecast is based on the assumption that no further deterioration in the macro-economic environment will prevail, no material tenant default will occur, the lease of the major office tenant is renewed during the year, operating cost increases will not exceed inflation and no changes will be made to the property portfolio. This forecast has not been audited, reviewed or reported on by Newpark's auditor.

CASH DIVIDEND DECLARATION

The board has approved and notice is hereby given of the final gross dividend of 35,36890 cents per share for the year ended 29 February 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, 4 June
Shares trade <i>ex</i> dividend	Wednesday, 5 June
Record date	Friday, 7 June
Payment date	Monday, 10 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 June 2024 and Friday, 7 June 2024, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/ broker accounts on Monday, 10 June 2024.

Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 10 June 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 declaration that the dividend is exempt from dividends tax; and
- 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 ceases 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 28,2951 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 declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration of dividend: 100 000 001

Newpark's income tax reference number: 9114003149.

The audited consolidated annual financial statements for the 12 months ended 29 February 2024 including the audit opinion of the external auditor, BDO South Africa Incorporated, which set out the key audit matters and the basis for its unmodified opinion, are available on the company's website on http://www.newpark.co.za/pdf/annual_reports/FY2024AFS.pdf.

By order of the board

16 May 2024

This results announcement is the responsibility of the directors and is only a summary of information in the audited consolidated annual financial statements for the 12 months ended 29 February 2024 ("2024 AFS") and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on the 2024 AFS which is available on <https://senspdf.jse.co.za/documents/2024/jse/isse/NRLE/YEres24.pdf> and published on the company's website on http://www.newpark.co.za/pdf/annual_reports/FY2024AFS.pdf on 17 May 2024.

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")

Directors:

S Shaw-Taylor (Chairperson) **, AF Benatar (Chief Executive Officer), AJ Wilson (Financial Director), DT Hirschowitz *, KM Ellerine *, BD van Wyk *, RC Campbell **, TS Sishuba **
* Non-executive director ** Independent non-executive director

Date of publication: 17 May 2024

Sponsor: Java Capital