

Investment & NTA Update

31 October 2023



NGE Capital Summary

ASX ticker	NGE
Share price (31 Oct 23)	\$0.820
Shares outstanding	35,833,676
Market cap	\$29.4m
NTA per share before tax	\$1.053
NTA per share after tax	\$1.118
NTA before tax	\$37.7m
NTA after tax	\$40.1m

Overview

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

Board & Management

David Lamm Executive Chairman & Chief Investment Officer	Adam Saunders Executive Director & Portfolio Manager
Ilan Rimer Non-Executive Director	Les Smith Company Secretary & Chief Financial Officer

Contact Details

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Net Tangible Assets Per Share

	31 Oct 2023	30 Sep 2023
NTA per share before tax	\$1.053	\$1.073
NTA per share after tax	\$1.118	\$1.138

NTA Per Share Performance Summary

1 month	Year-to-date	Last 12 months	Since inception ¹ (p.a.)	(cum.)
-1.8%	13.5%	13.3%	11.1%	106.5%

Note: Returns are net of all expenses.

1 From 30 Nov 2016, the date on which NGE became a LIC.

Portfolio Composition

Company	Ticker	% of NTA
Danakali	ASX:DNK	21.7%
Yellow Cake plc	LSE:YCA	18.8%
Greek NPE basket	Various	10.1%
Sprott Physical Uranium Trust	TSX:U.UN	7.7%
John Wood Group plc	LSE:WG.	7.3%
Embark Early Education	ASX:EVO	5.7%
OCI N.V.	AMS:OCI	5.1%
Metals X	ASX:MLX	4.9%
Jupiter Mines	ASX:JMS	4.2%
Industrial Logistics Properties	NAS:ILPT	3.9%
Capricorn Energy PLC	LSE:CNE	2.0%
Net cash and other		9%
Total		100%

Unrecognised Tax Losses

The Company has ~\$37 million of Australian unused and unrealised losses available as at 31 October 2023. In the aggregate these losses equate to a potential future tax benefit of ~\$9m or ~\$0.26 per share (of which only ~\$2.3m or ~\$0.065 per share is recognised in our after tax NTA). The Company has received tax advice that these losses are available to be offset against future tax liabilities so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the Income Tax Assessment Act 1997 (Cth).



Commentary

31 October 2023



During the month we made the following notable portfolio changes:

- We increased our holding in **Industrial Logistics Properties Trust (NAS:ILPT)**, acquiring ~72.9k shares at an average price per share of ~US\$2.29. We currently hold ~372.9k shares acquired at an average price per share of ~US\$1.92. ILPT continues to perform well, with strong leasing activity and rental growth across its portfolio of 413 warehouses and logistics properties. Whilst ILPT is overly levered, the non-recourse nature of its debt means the odds of bankruptcy are far more remote than the depressed share price suggests. Its modestly geared Hawaii portfolio alone could be worth ~US\$17/sh, if applying the implied 4.0% cap rate from **Prologis, Inc.'s (NYSE: PLD)** acquisition of a large industrial property portfolio from Blackstone as announced in [June](#).
- We increased our holding in **Capricorn Energy PLC (LSE:CNE)** by ~26.8k shares, and currently hold ~253.6k shares acquired at an average price per share of ~GBP1.69 (after accounting for dividends received to date).

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During the month **Danakali Limited (ASX:DNK)** finally announced a definitive proposal to return 42.0c per share to shareholders, comprised of a 27.3c capital return and a 14.7c unfranked dividend. The proposed distribution represents ~86% of the net proceeds received from the sale of the company's interest in the Colluli Potash Project.

A General Meeting to approve the capital return will be held on 24 November. Following shareholder approval, the company intends to pay the distributions on 8 January.

We estimate that the company will retain a cash balance of ~\$40.1m (~10.9c per share) following the payment of shareholder distributions in January. We await additional details from the company with respect to its plans for this large retained cash balance.

DANAKALI PRO FORMA RETAINED CASH BALANCE

	\$m	\$/sh
<u>Colluli sale net proceeds</u>		
Tranche 1 net proceeds	156.2	\$0.424
Tranche 2 net proceeds	23.7	\$0.064
Total net proceeds	179.9	\$0.489
<u>Proposed shareholder distributions</u>		
Capital return	100.5	\$0.273
Dividend	54.2	\$0.147
Total distributions	154.7	\$0.420
Distribution % of net proceeds (%)	86.0%	
<u>Pro forma retained cash balance</u>		
Cash balance (30-Sep-23)	192.1	\$0.522
Add: Interest income (1 Oct to 31-Dec-23) ¹	4.0	\$0.011
Less: Overhead costs (1-Oct to 31-Dec-23)	-1.0	-\$0.003
Less: Distributions to shareholders	-154.7	-\$0.420
Less: Payout of Exec Chair options ²	-0.3	-\$0.001
Pro forma retained cash balance	40.1	\$0.109

Source: Company filings, NGE analysis.

- Includes \$1.9m interest received on 3 October.
- Subject to shareholder approval.

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Announcement released to the market with the authorisation of:

David Lamm
Chief Investment Officer

Adam Saunders
Portfolio Manager