Newpark

NEWPARK REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2015/436550/06)

JSE share code: NRL ISIN: ZAE000212783

(Approved as a REIT by JSE)

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

SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS, CHANGES TO THE BOARD OF DIRECTORS AND CASH DIVIDEND DECLARATION

FOR THE 12 MONTHS ENDED 29 FEBRUARY 2020

Newpark

Directors

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

** Non-executive director* *** Independent non-executive director*

Changes to the board of directors

Gary Harlow and David Sevel resigned as directors of Newpark during January 2020. Gary Harlow was replaced as chairperson by Marc Wainer who was appointed as non-executive chairperson. Sadly, Marc passed away on 20 April 2020. Stewart Shaw-Taylor has been appointed as chairperson on 19 May 2020 and has resigned from his positions on the audit and risk committee and remuneration committee to allow him to take up the chairmanship in accordance with King IV™. Dionne Hirschowitz has been appointed as chairperson of the remuneration committee and Barry van Wyk has been appointed as a member of the remuneration committee.

Registered office

51 West Street, Houghton, Gauteng, 2198

PO Box 3178, Houghton, Gauteng, 2041

Company secretary

CIS Company Secretaries Proprietary Limited

Transfer secretary

Computershare Investor Services Proprietary Limited

Designated advisor

Java Capital

Website

www.newpark.co.za

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^2 of gross lettable area ("**GLA**") and an adjoining mixed use property known as 24 Central, which has 15 654 m^2 of GLA. A further property is situated in Linbro Business Park which has 12 387 m^2 of GLA and the fourth property is situated in Crown Mines which has 11 277 m^2 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 2020 was R1,38 billion.

Strategy

Newpark's investment strategy is to seek well-positioned prime commercial and industrial properties which provide quality cash flows with the potential of upward rating on lease renewals and/or redevelopment opportunities within the medium- to long-term.

Commentary on results

The company's board of directors ("**board**") is pleased to present the group's results for the year under review, which is slightly below the guidance provided as a result of refurbishment costs of R6,1 million being incurred on the group's mixed use building, 24 Central, as well as an increase in the group's expected credit loss provision of R2,1 million.

Newpark's balance sheet remains robust with satisfactory gearing levels of 33,2% (2019: 32,7%).

The group's vacancies decreased during the period to 12,1% (FY2019: 15,7%). The vacancies decreased as a result of new contracts signed during the current financial period. Revenue for the financial year was R127,1 million (down 0,6%), which realised an operating profit before fair value adjustments of R89,2 million (down 6,6%) and, after allowing for fair value adjustments and the net cost of finance, resulted in a total comprehensive profit of R12,1 million (down 83,1%). Distributable earnings increased by 3,1% to R44,65 million (F2019: R43,30 million), which is below the guidance of 6 – 8% previously given.

Besides the vacancies in the mixed use segment, the tenant profile has remained largely the same and no acquisitions or disposals were made during this period.

Distributable earnings

Distributable earnings for the 12 months increased by 3,1% to 44,65 cents per share ("**cps**") (FY2019: 43,30 cps). Due to the uncertainty arising from the COVID-19 pandemic, the board has decided to hold back a portion of the final distribution to enhance liquidity and has declared a reduced final dividend of 15,74400 cps (interim dividend for H1 FY2020 24,32074 cps). The board decided to hold back a portion of the final distribution in order to preserve cash by utilising a tax loss brought forward. The quantum of the final dividend declaration was reduced by an amount of R4,6 million, resulting in the total dividend for the financial year representing 89,7% of the distributable earnings.

Year-on-year Newpark has decreased its net asset value per share to R8,94 from R9,25, a decrease of 3%.

SECTORAL SPLIT	GLA %	Gross rentals %
Based on:		
Mixed use (retail and office)	22,1	22,6
Mixed use (storage)	5,1	0,2
Office	31,6	52,7
Industrial	41,2	24,5
	100,0	**100,0**

LEASE EXPIRY PROFILE AND VACANCIES	GLA %	Gross rentals %
Based on:		
Vacant	12,1	7,8
Feb 2021	3,1	4,0
Feb 2022	2,2	3,2
Feb 2023	1,6	2,3
Feb 2024	1,3	2,1
Feb 2025	23,4	17,1
> Feb 2025	56,3	63,5
	100,0	**100,0**

FUNDING	Amount R'000	Margin
Facilities		
Facility A – Expiry May 2023	300 000	3-month Jibar+1,95%
Facility B – Expiry May 2025	150 000	3-month Jibar+2,35%
Facility C – Expiry May 2023	50 000	Prime-1,15%
Total	**500 000**	

HEDGE INSTRUMENTS	Amount R'000	Hedges of 3-month Jibar base-rate %
Hedge instruments		
Hedge 3: rate swap – expires 2020/4/10 (rolls into Hedge 5)	230 000	7,70
Hedge 4: rate swap – started 2017/6/30 / expires 2022/5/31	135 000	8,085
Hedge 5: rate swap – to start 2020/4/10 / expires 2022/5/31	230 000	7,993
Hedge 6: rate swap – to start 2022/6/01 / expires 2024/6/01	135 000	7,990
Hedge 7a: interest rate cap – started 2019/5/23 / expires 2022/5/23	135 000	8,550
Hedge 7b: interest rate floor – started 2019/5/23 / expires 2022/5/23	135 000	7,000

Two separate RMB facilities were restructured into a 3-year Term Loan Facility (facility A) of R300 000 000 maturing in May 2023 and a Revolving Credit Facility (facility C) of R50 000 000 maturing in May 2023. In addition, Facility B was contractually entered into for R150 000 maturing in May 2025. This consolidated term loan facility was contractually agreed with RMB on 29 February 2020. The consolidated facilities are secured mainly by mortgage bonds together with a cession of the leases over the four properties. The term loan remains appropriately hedged as outlined above.

Interest rate and percentage of debt hedged

The all-in weighted average cost of funding is 9,675% (28 February 2019: 9,573%) and the average hedge-term is 3,25 years. It is the board's policy to hedge at least 70% of the exposure to interest rate risk and Newpark currently has 81% of its exposure hedged with the swap-instruments and the balance covered with a zero-cost collar comprising of a cap and a floor.

Summary of financial performance

	29 February 2020 R'000	29 February 2019 R'000
Shares in issue	**100 000 001**	100 000 001
Net asset value per share	**R8,94**	R9,25
Loan-to-value ratio *	**32,2%**	31,9%
Gross property operating expense ratio	**25,6%**	19,4%

* *The loan-to-value ratio is calculated by dividing interest bearing borrowing net of cash on hand by the total of investment property.*

Outlook

Newpark will continue to focus on the management of its existing assets and will remain alert to any potential acquisitions that are in keeping with the stated strategy.

Rental collections for the first quarter of the new financial year were 81% of that originally budgeted. We do not expect this percentage to decrease as we progress toward a normalised trading environment in due course. Furthermore, we have engaged with many of our tenants individually to understand how we may assist them to ensure the sustainability of their businesses. In this regard, we have granted short-term cash flow relief to tenants that is reflected in the percentage stated above.

The board is, therefore, mindful of the current uncertainty in the economic environment caused by the COVID-19 pandemic and how this could potentially impact our tenants in the mixed-use (retail, office and storage) segment and the industrial segments. At this point in time, the uncertainty generated by the pandemic makes forecasting of any sort extremely difficult and the board will provide further guidance to shareholders as new information becomes available.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Audited 29 February R'000	Audited 28 February 2019 R'000
ASSETS			
Non-current assets			
Investment properties	4	**1 253 112**	1 278 334
Straight-line lease asset		**115 332**	111 463
Lease incentive		**11 909**	14 556
		1 380 353	1 404 353
Current assets			
Trade and other receivables		**4 128**	3 960
Lease incentive		**2 647**	2 647
Cash and cash equivalents		**7 196**	9 141
Total current assets		**13 971**	15 748
Total assets		**1 394 324**	1 420 101
EQUITY AND LIABILITIES			
Equity			
Share capital		**619 918**	619 918
Reserves		**180 412**	180 412
Retained income		**94 012**	124 526
		894 342	924 856
Liabilities			
Non-current liabilities			
Bank borrowings		**452 000**	458 500
Derivative financial instruments		**16 011**	8 063
		468 011	466 563
Current liabilities			
Trade and other payables		**31 971**	28 682
Total current liabilities		**31 971**	28 682
Total liabilities		**499 982**	495 245
Total equity and liabilities		**1 394 324**	1 420 101

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Audited 29 February 2020 R'000	Audited 28 February 2019 R'000
Revenue		**127 129**	127 901
Other income		**755**	–
Property operating expenses		**(32 530)**	(26 612)
Administrative expenses		**(6 139)**	(5 800)
Net (loss)/gain from fair value adjustment on investment property		**(25 772)**	16 903
Net (loss)/gain from fair value adjustment of financial instruments at fair value through profit or loss		**(7 948)**	2 987
Operating profit		**55 495**	115 379
Finance income		**1 499**	1 235
Finance costs		**(44 838)**	(44 592)
Profit before taxation		**12 156**	72 022
Taxation		**–**	–
Profit for the period		**12 156**	72 022
Other comprehensive income		**–**	–
Total comprehensive income for the period		**12 156**	72 022
Earnings per share information (in cents per share)			
Basic earnings per share	5	**12,16**	72,02
Diluted earnings per share	5	**12,16**	72,02

CONDENSED 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	Restated Retained income/(loss) R'000	Total equity R'000
Audited						
Balance at 1 March 2018	625 000	(5 082)	619 918	180 412	103 598	903 928
Profit for the period	–	–	–	–	72 022	72 022
Dividend distributions to owners of company recognised directly in equity	–	–	–	–	(51 094)	(51 094)
Balance at 1 March 2019	**625 000**	**(5 082)**	**619 918**	**180 412**	**124 526**	**924 856**
Profit for the period	**–**	**–**	**–**	**–**	**12 156**	**12 156**
Dividend distributions to owners of company recognised directly in equity	**–**	**–**	**–**	**–**	**(42 670)**	**(42 670)**
Balance at 29 February 2020	**625 000**	**(5 082)**	**619 918**	**180 412**	**94 012**	**894 342**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 29 February 2020 R'000	12 months ended 28 February 2019 R'000
Cash flows from operating activities		
Cash generated from operations	**90 915**	94 535
Finance income	**1 499**	1 235
Finance costs	**(44 280)**	(44 592)
Tax received	**–**	2 273
Net cash generated from operating activities	**48 134**	53 451
Cash flows from investing activities		
Purchase of furniture and fittings	**(909)**	(36)
Net cash utilised by investing activities	**(909)**	(36)
Cash flows from financing activities		
Dividends paid	**(42 670)**	(51 094)
Bank borrowings advanced	**–**	5100
Bank borrowings repaid	**(6 500)**	–
Net cash utilised by financing activities	**(49 170)**	(45 994)
Total cash and cash equivalents movement for the reporting period	**(1 945)**	7 421
Cash and cash equivalents at the beginning of the reporting period	**9 141**	1 720
Total cash and cash equivalents at the end of the reporting period	**7 196**	9 141
Additional info on cash flow:		
Cash generated from operations before working capital changes	**87 794**	87 030
Working capital changes	**3 121**	7 505
Cash generated from operations	**90 915**	94 535

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

Other than the impact of the COVID-19 pandemic referred to in paragraph 8, the directors are not aware of any matters or circumstances arising subsequent to the year-end that require any additional disclosure or adjustment to the financial statements.

The summarised audited consolidated financial statements for the twelve months ended 29 February 2020 have been extracted from audited information. The directors of Newpark take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying audited consolidated financial statements. The annual financial statements were audited by BDO South Africa Inc. and an unmodified audit opinion has been issued on the audited consolidated financial statements for the financial year ended 29 February 2020. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying audited consolidated financial statements, both of which are available for inspection at Newpark's registered office and on the company's website: http://newpark.co.za/.

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

IFRS 16 – Leases

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes *IAS 17 – Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC 15 – Operating Leases – Incentives* and *SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The effective date of the standard is for years beginning on or after 1 January 2019. The group has adopted the amendment for the first time in the 2020 consolidated financial statements. The amendment did not have a material impact on the group's annual financial statements except for additional disclosures in the revenue and lease arrangements notes.

3. SEGMENTAL ANALYSIS

Segmental information

At 29 February 2020, the group is organised into three main operating segments:

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

The executive committee ("**EXCO**") is the chief operating decision maker of the Group. The information contained in the segment analysis is measured in a manner consistent with the information disclosed in the statement of comprehensive income and the statement of financial position.

	Mixed use (retail and office) R'000	Mixed use (storage) R'000	Office R'000	Industrial R'000	General R'000	Total R'000
29 February 2020 (audited)						
Revenue	**39 859**	**–**	**56 413**	**30 857**	**–**	**127 129**
Other income	**–**	**–**	**–**	**–**	**755**	**755**
Property operating expenses	**(28 615)**	**(344)**	**–**	**(3 212)**	**–**	**(32 171)**
Administrative expenses	**–**	**–**	**–**	**–**	**(6 139)**	**(6 139)**
Depreciation	**(359)**					**(359)**
Fair value adjustments	**6 799**	**–**	**(23 027)**	**(9 544)**	**(7 948)**	**(33 720)**
Operating profit	**17 684**	**(344)**	**33 386**	**18 101**	**(13 332)**	**55 495**
28 February 2019 (audited)						
Revenue	40 531	–	56 576	30 794	–	127 901
Property operating expenses	(23 183)	–	–	(3 057)	–	(26 240)
Administrative expenses	–	–	–	–	(5 800)	(5 800)
Depreciation	(372)					(372)
Fair value adjustments	(44 466)	–	46 600	14 769	2 987	19 890
Operating profit	(27 490)	–	103 176	42 506	(2 813)	115 379

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.

3. SEGMENTAL ANALYSIS (continued)

	Mixed use R'000	Office R'000	Industrial R'000	General R'000	Total R'000
29 February 2020 (audited)					
Investment property	**427 296**	**597 725**	**228 091**	**–**	**1 253 112**
Straight-line lease asset	**2 704**	**85 719**	**26 909**	**–**	**115 332**
Lease incentive	**–**	**14 556**	**–**	**–**	**14 556**
Trade and other receivables	**4 128**	**–**	**–**	**–**	**4 128**
Cash and cash equivalents	**–**	**–**	**–**	**7 196**	**7 196**
	434 128	**698 000**	**255 000**	**7 196**	**1 394 324**
28 February 2019 (audited)					
Investment property	419 946	620 752	237 636	–	1 278 334
Straight-line asset	2 054	84 045	25 364	–	111 463
Lease incentive	–	17 203	–	–	17 203
Trade and other receivables	3 960	–	–	–	3 960
Cash and cash equivalents	–	–	–	9 141	9 141
	425 960	722 000	263 000	9 141	1 420 101

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.

	Mixed use R'000	Office R'000	Industrial R'000	General R'000	Total R'000
29 February 2020 (audited)					
Bank borrowings	**–**	**–**	**–**	**452 000**	**452 000**
Derivative financial instruments	**–**	**–**	**–**	**16 011**	**16 011**
Trade and other payables	**5 257**	**15 023**	**560**	**11 131**	**31 971**
	5 257	**15 023**	**560**	**479 142**	**499 982**
28 February 2019 (audited)					
Bank borrowings	–	–	–	458 500	458 500
Derivative financial instruments	–	–	–	8 063	8 063
Trade and other payables	2 416	14 727	485	11 053	28 682
	2 416	14 727	485	477 616	495 245

4. INVESTMENT PROPERTIES

For the six months under review the property value includes movement consisting of the increase in straight lining of the lease assets and the decrease in lease incentives, as well as additions and depreciation relating to furniture and fittings.

	Audited 29 February 2020			Audited 28 February 2019		
	Cost/ valuation R'000	Accumu-lated depre-ciation R'000	Carrying value R'000	Cost/ valuation R'000	Accumu-lated depre-ciation R'000	Carrying value R'000
Investment property	**1 250 649**	**–**	**1 250 649**	1 276 421	–	1 276 421
Furniture and fixtures	**4 856**	**(2 393)**	**2 463**	3 947	(2 034)	1 913
Total	**1 255 505**	**(2 393)**	**1 253 112**	1 280 368	(2 034)	1 278 334

Reconciliation of investment properties

	Opening balance R'000	Additions R'000	Fair value adjustment R'000	Depreciation R'000	Closing balance R'000
29 February 2020					
Investment property	**1 276 421**	**–**	**(25 772)**	**–**	**1 250 649**
Furniture and fixtures	**1 913**	**909**	**–**	**(359)**	**2 463**
Total	**1 278 334**	**909**	**(25 772)**	**(359)**	**1 253 112**
28 February 2019					
Investment property	1 259 518	–	16 903	–	1 276 421
Furniture and fixtures	2 249	36	–	(372)	1 913
Total	1 261 766	36	16 903	(372)	1 278 334

4. INVESTMENT PROPERTIES (continued)

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.

	29 February 2020 R'000	28 February 2019 R'000
JSE Building		
Portion 25 of Erf 7 Sandown Johannesburg, South Africa		
– Purchase price	**18 070**	18 070
– Fair value adjustment	**579 655**	602 682
– Straight-line of lease asset	**85 719**	84 045
– Lease incentive	**14 556**	17 203
	698 000	722 000
24 Central		
Portion 20 of Erf 7 Sandton Township, registration division IR, Province of Gauteng		
– Purchase price	**238 000**	238 000
– Fair value adjustment	**183 607**	176 808
– Straight-line of lease asset	**2 704**	2 054
– Net capitalised expenditure	**5 689**	5 138
	430 000	422 000
Linbro Park		
Portion 3 and 4 of Erf 9 Frankenwald Extension 3 (Linbro Business Park)		
– Purchase price	**127 858**	127 858
– Fair value adjustment	**2 094**	12 350
– Straight-line of lease asset	**20 350**	20 094
– Net capitalised expenditure	**698**	698
	151 000	161 000
Crown Mines		
Erven 1 and 2 Crown City, Extension 1		
– Purchase price	**85 044**	85 044
– Fair value adjustment	**12 397**	11 686
– Straight-line of lease asset	**6 559**	5 270
	104 000	102 000

4. INVESTMENT PROPERTIES (continued)

	29 February 2020 R'000	28 February 2019 R'000
Fair value of investment property for accounting purposes		
Opening fair value of property assets	**1 407 000**	1 381 600
Gross fair value adjustment on investment property	**(25 772)**	16 903
Additions to furniture and fittings	**909**	36
Depreciation	**(359)**	(372)
Straight-line lease asset and lease incentive movement	**1 222**	8 833
Property valuation	**1 383 000**	1 407 000
Less: Straight-line lease income adjustment	**(115 332)**	(111 463)
Less: Lease incentive receivable	**(14 556)**	(17 203)
Closing fair value of property assets	**1 253 112**	1 278 334

Securities

Mortgage bonds at a nominal value of R500 000 000 (February 2019: R500 000 000) have been registered over investment properties with a fair value of R1 253 112 314 (February 2019: R1 278 333 718) as security for interest-bearing liabilities.

Details of valuation

The properties were last valued on 29 February 2020 using the discounted cash flow of future income streams method. The valuations of the properties were performed by a registered valuer, Peter Parfitt of Quadrant Properties Proprietary Limited, who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

At 29 February 2020, the key assumptions and unobservable inputs used by the Company in determining fair value were as follows:

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

4. INVESTMENT PROPERTIES (continued)

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^2 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.

Inter-relationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- expected market rental growth was higher/(lower);
- expected expense growth was lower/(higher);
- vacant periods were shorter/(longer);
- the occupancy rate was higher/(lower);
- rent-free periods were shorter/(longer);
- discount rate was lower/ (higher); and
- reversionary capitalisation rate was lower/(higher).

5. EARNINGS PER SHARE

	Audited 29 February 2020	Audited 28 February 2019
Basic earnings per share		
Profit attributable to shareholders (R'000)	**12 156**	72 022
Weighted average number of ordinary shares in issue ('000)	**100 000 001**	100 000 001
Basic earnings per share (cents per share)	**12,16**	72,02
Diluted earnings per share		
There are no dilutive instruments in issue.		
Profit attributable to shareholders (R'000)	**12 156**	72 022
Weighted average number of ordinary shares in issue ('000)	**100 000**	100 000
Basic diluted earnings per share (cents per share)		
Headline earnings per share		
Profit attributable to shareholders (R'000)	**12 156**	72 022
Adjusted for:		
Change in fair value of investment property and tax thereof (R'000)	**25 772**	(16 903)
	37 928	55 119
Weighted average number of ordinary shares in issue ('000)	**100 000**	100 000
Headline earnings per share (cents per share)	**37,93**	55,12

6. DISTRIBUTABLE EARNINGS PER SHARE

In addition to the performance measured set out in note 3 above, the group uses Distributable Earnings per Share ("**DEPS**") as an alternative performance measure. DEPS is a non-IFRS measure and must not be seen to replace or dilute the importance of the IFRS-based performance measures disclosed in this report, but rather to enhance the reported information for the users of the financial statements. In order to better understand the DEPS performance measure a reconciliation is provided below.

Distributable earnings

	Audited 12 months ended 29 February 2020 R'000	Audited 12 months ended 28 February 2019 R'000
Headline earnings (refer note 5)	**37 928**	55 119
Adjusted for:		
Change in fair value of investment property as a result of amortisation of straight-line lease asset and tax thereof	**(3 869)**	(11 479)
Change in fair value of investment property as a result of amortisation of lease incentive and tax thereof	**2 647**	2 647
Fair value adjustment of financial derivative instruments and the tax thereof	**7 948**	(2 987)
Deferred tax and other non-cash movements	**–**	–
Available for distribution	**44 654**	43 300
Actual number of ordinary shares in issue ('000)	**100 000**	100 000
Distributable earnings per share (cents per share)	**44,65**	43,30
Dividend per share (cents per share)	**40,06**	43,30
– Interim dividend per share	**24,32**	24,95
– Final dividend per share	**15,74**	18,35

Total DEPS is a performance measure calculated using the principles outlined by the SA REIT association Best Practice Recommendations ("**the 2016 BPR**").

7. PAYMENT OF FINAL DIVIDEND

The board has approved and notice is hereby given of the final gross dividend of 15,74400 cents per share for the year ended 29 February 2020.

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

	2020
Last date to trade cum dividend	Tuesday, 9 June
Shares trade ex dividend	Wednesday, 10 June
Record date	Friday, 12 June
Payment date	Monday, 15 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 June 2020 and Friday, 12 June 2020, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 15 June 2020. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 15 June 2020.

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.

7. PAYMENT OF FINAL DIVIDEND (continued)

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 12,59520 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder, has submitted the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

b) a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

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

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

Newpark's income tax reference number: 9114003149.

8. EVENTS AFTER THE REPORTING PERIOD

The global COVID-19 pandemic resulted in the Republic of South Africa being placed under a national state of disaster and businesses facing trading restrictions from 27 March 2020. This negatively impacted the group, resulting in a significant loss of income up to the date of this report with the potential for further losses going forward in an attempt to support the affected tenants. The quantum of this impact will be communicated to shareholders once it becomes clear to what extent the group will be affected. The impact of the COVID-19 lockdown is a non-adjusting event as the first case in South Africa was after year-end.

9. GOING CONCERN

The group has committed and available liquidity facilities amounting to R48 million. As a precautionary measure the group declared a reduced dividend (R4,6 million less than distributable earnings) in order to preserve cash.

The strong tenant profile on the three single tenanted properties supports a resilient income profile. During the first quarter of the 2021 financial period the group collected 81% of its budgeted income. The majority of the tenants have resumed operations, or will resume operations as the lockdown is phased out. It is anticipated that the lockdown will have the largest impact on the group's mixed use property tenants. The JSE is classified as an essential service and has not been materially impacted by the lockdown regulations in the context of the group's earnings.

In stress-testing of the group for the impact the lockdown may have on its liquidity and solvency position over the next 12 months the board assumed a prolonged lockdown impact beyond the first half of the 2021 financial period in the mixed use property, 24 Central. Despite this worse-case scenario assumption, it is anticipated that the group comfortably remains liquid and solvent.

Therefore, the directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

10. RELATED PARTIES

	29 February 2020 R'000	28 February 2019 R'000
Professional services – Capensis Real Estate (Pty) Ltd (SP Fifield is a director)	**1 269**	1 197
Professional services – WellCapital (Pty) Ltd (JAI Ferreira is a director)	**503**	475

By order of the board.

Simon Fifield
Chief executive officer

Dries Ferreira
Financial director

Johannesburg
20 May 2020